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Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1955

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AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of Sec. 161 Revised Statutes (5 U.S.C. 22), Reorganization Plan No. 2 of 1953, and other authorities. The Service is organized to aid in advancing the orderly and efficient marketing and the effective distribution of products from the Nation's farms. The marketing and distribution functions of the Department are centered in this Service.

These functions include research and development relating to agricultural marketing and distribution; analyses relating to farm prices, income and population, and demand for farm products; crop and livestock estimates and related statistical and economic research. The Administrator of this Service is also responsible for the coordination of all statistical work of the Department.

The functions of the Service also include marketing services such as market news; standardization, inspection, grading and classing of farm products; freight-rate assistance; and the administration of marketing and regulatory acts (including marketing agreements and orders). They include liaison relationships with State Commissioners of Agriculture and administration of cooperative programs in marketing. They include administration of the national school lunch program; surplus removal programs under Section 32 of the Agricultural Adjustment Act of 1935 as amended; food trade activities; and assigned defense and mobilization responsibilities related to agricultural marketing and distribution. In carrying out these functions cooperative working relationships are maintained with appropriate State agencies, State Departments of Agriculture, State Extension Services and Experiment Stations and State Educational Agencies and with other public and private marketing agencies.

The research and statistical activities are performed through three functional divisions, namely: Marketing Research, Agricultural Economics, and Agricultural Estimates. The marketing service programs are carried out through seven commodity divisions--Cotton, Dairy, Fruit and Vegetables, Grain, Livestock, Poultry, and Tobacco and through the Food Distribution Division and the Freight Rate Service and Warehouse Act Branches. In addition to the usual management units the organization includes a Statistical Clearance Officer, an Agricultural Outlook Board Chairman, and a Liaison Officer with State Departments of Agriculture who perform specialized functions. The field organization includes field branch offices on marketing research, State offices on agricultural estimates, functional field branch offices of the several Washington commodity and functional Divisions and three area administrative divisions.

The financing of the functions of the Service is provided through appropriations and cooperative arrangements with States and trust fund operations based on collections of fees or other charges for services rendered.

Summary of Appropriations, 1954 and Estimates 1955

Appropriation Item	: Total : Estimated : Available, : 1954	: : : :	Budget Estimate, 1955	: : : :	Increase (+) or Decrease (-)
Marketing research and service:					
Marketing research and agricul-					
tural estimates	\$8,702,200		\$10,215,000	+	\$ 1,512,800
Marketing services	11,763,053		11,243,500		-519,553
Payments to States, Territories					
and possessions	573,000		900,000		+327,000
Repayment to Commodity Credit					
Corporation	768,505		441,655		-326,850
School lunch program	83,236,197		68,000,000		-15,236,197
Perishable Agricultural Commodities :					
Act fund (permanent) <u>a/</u>	410,000		410,000		- -
Removal of Surplus Agricultural					
Commodities (30% of custom					
receipts - permanent) <u>b/</u>	169,954,002		180,000,000		+10,045,998
Total	275,406,957		271,210,155		-4,196,802
Deduct permanent appropriations					
(shown in detail above)	170,364,002		180,410,000		+10,045,998
Total (excluding permanent					
appropriations)	105,042,955		90,800,155		-14,242,800

a/ In addition, prior year balance of \$272,103 available in fiscal year 1954, and estimated balance of \$261,116 available in 1955.

b/ In addition, prior year balance of \$300,000,000 available in fiscal year 1954, and estimated balance of \$241,194,002 available in 1955.

MARKETING RESEARCH AND SERVICE

Purpose Statement

Under this appropriation, the Agricultural Marketing Service carries on broad research and service programs to improve and develop the marketing and distribution of agricultural commodities.

The work is organized as follows:

1. Marketing Research and Agricultural Estimates

- a. Marketing Research. This work is aimed essentially at increasing the efficiency with which agricultural products are taken in the raw state from the farm and placed in the hands of consumers in the forms, at the times, and in the places desired by consumers. With the achievement of this objective, benefits accruing to farmers from increased production and better utilization of farm products will not be dissipated in the distribution system. Research methods are applied to the solution of marketing problems such as improving quality, reducing costs, and expanding outlets for agricultural products. This involves research on the assembly, transportation, storage, handling, packaging, distribution and pricing of farm products, the structure, financing and organization of domestic markets. In addition to the research done directly by the Department, some of the work is conducted through cooperation with private and public agencies, and by private firms under contract.
- b. Economic and Statistical Analysis. Analyses are made of the economic situation and outlook for farm products including the factors affecting price, supply, and consumption of farm products as well as trends in production and consumption and probable future supplies and demand. Research and statistical studies are conducted and information furnished on farm population, costs, prices, and income in their relation to agriculture, including causes for variations and trends. Much of this work is performed in the field in cooperation with the Land Grant Colleges and other State institutions.
- c. Crop and Livestock Estimates. Basic statistical and economic data relating to food and agriculture are gathered, analyzed and published, including acreages, yields, production, stocks, values and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products; and such related data as prices received and prices paid by farmers.

Thousands of farmers, processors, merchants, and others serve as volunteer reporters and these reports are supplemented by field observations by Agricultural Marketing Service statisticians and other data to provide the many estimates and reports issued for public information.

2. Marketing Services

- a. Market News Service. The market news service provides for the collection and dissemination of timely information on movements, supplies, demand, quality, condition, and prices of livestock, meats, wool, fruits, vegetables, honey, peanuts, dairy products, poultry products, grain, hay, feed, seed, rice, hops, beans, cotton and cottonseed, tobacco, naval stores, and inedible molasses.
- b. Inspection, Grading and Classing, and Standardization. This work includes developing and establishing standards by which quality of agricultural commodities can be accurately judged; providing an impartial inspection, classing and grading service for farmers, dealers, and others on the basis of these standards; and administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U. S. Standards for cotton, cotton lint, and grain sold in interstate commerce and for tobacco sold at designated auction markets.
- c. Freight Rate Services. These services provide for assistance to farmers in obtaining and maintaining equitable and reasonable transportation rates and services through the Department's participation in their behalf in formal cases before the Interstate Commerce Commission and other regulatory bodies and through informal negotiations with carriers and groups of carriers.
- d. Regulatory Activities. These activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, Tobacco Plant and Seed Exportation Acts, and the regulatory features of the Naval Stores Act. These laws are designed to protect farmers and others from financial loss or personal injury resulting from deceptive, careless and fraudulent marketing practices. The administration of each of these activities includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.
- e. Administration and Coordination of State Payments. Under this project the Department administers and coordinates the work under

the matched fund projects with State Departments of Agriculture, bureaus of markets, and similar agencies for marketing activities under Title II of the Agricultural Marketing Act of 1946.

	<u>Estimated Available, 1954</u>	<u>Budget Estimate, 1955</u>
Appropriated funds:		
Marketing research and agricultural estimates.....	\$ 8,702,200	\$10,215,000
Marketing services.....	<u>11,763,053</u>	<u>11,243,500</u>
Total.....	<u>\$20,465,253</u>	<u>\$21,458,500</u>

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AGRICULTURAL MARKETING SERVICE

Marketing Research and Service

Proposed Consolidation of Appropriation Items
and Revision of Activity Structure

The Agricultural Marketing Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of Sec. 161 Revised Statutes (5 U.S.C. 22), Reorganization Plan No. 2 of 1953, and other authorities. The functions of this Service include research and service work to improve and develop marketing and distribution relating to agriculture, including the administration of marketing and regulatory laws.

The Budget Estimates propose the consolidation into one appropriation "Marketing Research and Service, Agricultural Marketing Service" of the marketing research and service work formerly carried on in other agencies of the Department under various appropriations. Accordingly, funds for such work heretofore performed under certain other appropriations, including the Agricultural Marketing Act, would be transferred to this appropriation except as noted below.

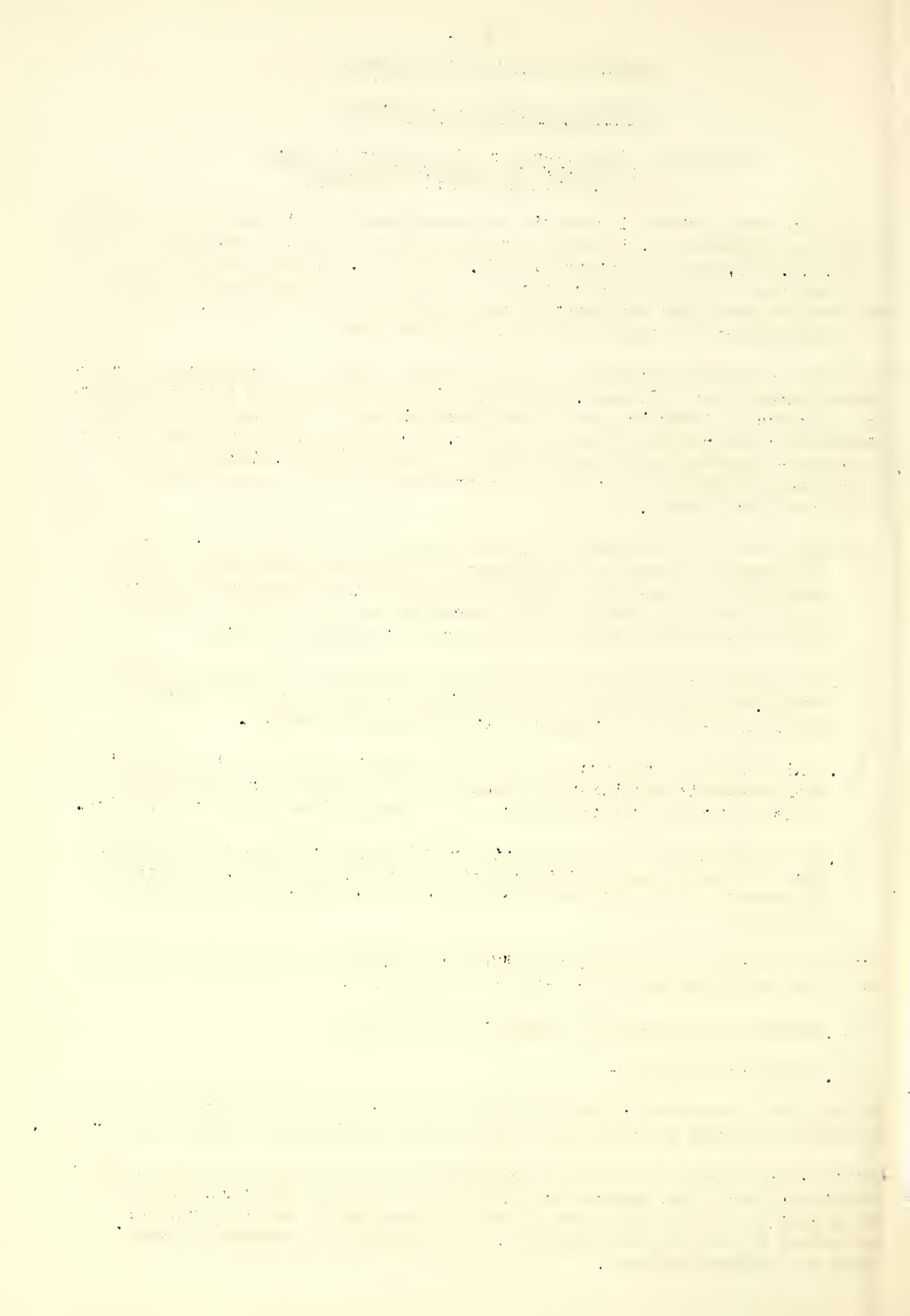
1. All research, analytical and statistical work including crop and livestock estimates of the Bureau of Agricultural Economics, except economic investigations concerned with farm management and costs, local farm labor studies, land economics and agricultural finance which was transferred to the Agricultural Research Service.
2. The off-farm handling, transportation and storage research activities, including investigations of insect infestations of off-farm stored products of the Agricultural Research Service.
3. All marketing research and marketing services work of the Production and Marketing Administration except cotton ginning and processing research which was transferred to the Agricultural Research Service.
4. The administration of marketing regulatory acts financed from Marketing Services except administration of the Insecticide, Fungicide and Rodenticide Act which was transferred to the Agricultural Research Service.

Work under the new appropriation "Marketing Research and Service" would be conducted under two subappropriations as follows:

1. Marketing Research and Agricultural Estimates
2. Marketing Services

The following statement shows in detail the proposed consolidation of appropriations by these two subappropriations and by financial projects under each.

This consolidation is proposed to simplify the appropriation structure and administration of the Agricultural Marketing Service. The consolidation of funds will in no way affect the nature or scope of the work heretofore authorized by law and now assigned to the Agricultural Marketing Service under the reorganization.



UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

Proposed Consolidation of Appropriation Items and Revision of Activity Structure

(Based on Total Estimated Available for Fiscal Year 1954)

PRESENT STRUCTURE			PROPOSED STRUCTURE														
Bureau or Item	Subappropriation	Financial Project	MARKETING RESEARCH AND SERVICE													Payments to States, Territories, and Possessions	Consolidated with Other Agencies
Total Available 1954 a/			MARKETING RESEARCH AND SERVICE					MARKETING RESEARCH AND SERVICE			MARKETING RESEARCH AND SERVICE						
Marketing and Agricultural Estimates			Marketing Research	Economic and Statistical Analysis	Crop and Livestock Estimates	Marketing Services	Market News	Inspection, Grading, and Standardization	Freight Rate Services	Regulatory Activities	Administration and Coordination of State Payments						
MARKETING SERVICES (SALARIES AND EXPENSES):																	
(a) Market News Service			\$3,484,500	\$63,000			\$63,000	\$3,421,500	\$3,421,500								
(b) Inspection, Grading and Classing, and Standardization			6,261,500	86,700	86,700			6,175,200		\$6,175,200							
(c) Improvement of Marketing Practices			409,700	258,422				98,603		98,603							
(d) Freight Rates for Farm Products			118,300					118,300			\$118,300						c/ \$52,675
(e) Regulatory Activities			2,146,600					1,561,450				\$1,561,450					d/ \$85,150
Total			12,451,000	408,122	345,122		63,000	11,495,053	3,421,500	6,273,803	218,300	1,561,450					637,825
FIELD OF AGRICULTURAL ECONOMICS (SALARIES AND EXPENSES):																	
(a) Economic investigations:																	
1. Economics of production			1,187,000														
2. Prices, income and marketing			867,000	867,000	285,800	581,200											1,187,000
3. Farm population and man-power			205,800	174,800		174,800											31,000
Subtotal			2,259,800	1,041,800	285,800	756,000											b/1,218,000
(b) Crop and livestock estimates:																	
1. Agricultural estimates			3,469,200	3,469,200		3,469,200											
Total			5,729,000	4,511,000	285,800	756,000	3,469,200										b/1,218,000
AGRICULTURAL MARKETING ACT:																	
(a) Marketing costs, margins and efficiency			529,000	510,000	510,000			19,000			19,000						
(b) Improvement and evaluation of product quality			948,200	408,200	496,200			192,000		132,000		10,000	\$50,000			\$258,000	
(c) Improvement in market organization and facilities			1,622,875	1,338,075	1,338,075			147,000		147,000						137,000	
(d) Collection, analysis and dissemination of market data			872,800	694,800	280,800	104,000	310,000									178,000	
(e) Over-all administration			110,600	110,600	110,600												
Total			4,083,475	3,152,675	2,738,675	104,000	310,000	358,000		279,000	19,000	10,000	50,000			573,000	
FIELD OF PLANT INDUSTRY, SOILS, AND AGRICULTURAL ENGINEERING (SALARIES AND EXPENSES):																	
(a) Plant, soil, and agricultural engineering research:																	
1. Horticultural crop investigations			440,380	440,380	440,380												
2. Agricultural engineering investigations			27,260	27,260	27,260												
Total			467,640	467,640	467,640												
FIELD OF ENTOMOLOGY AND PLANT QUARANTINE (SALARIES AND EXPENSES):																	
(a) Insect investigations:																	
1. Insects affecting food, feed, and fiber crops			162,963	162,963	162,963												
Total estimated available, 1954			22,894,078	8,702,200	4,000,000	860,000	3,842,200	11,763,053	3,421,500	6,552,803	167,300	1,571,450	50,000			573,000	1,855,825

a/ Adjusted to reflect penalty call transfers.

b/ Transferred to Agricultural Research Service for research on farm management and costs (including local farm labor studies), land economics, and agricultural finance.

c/ Transferred to Agricultural Research Service for cotton ginning and processing research.

d/ Transferred to Agricultural Research Service for administration of Insecticide Act.

(a) Marketing Research and Service

	<u>Marketing Research and Agricultural Estimates</u>	<u>Marketing Services</u>	<u>Total</u>
Appropriation Act, 1954 (ad- justed--see preceding statement), and base for 1955	\$8,702,200	\$11,763,053	\$20,465,253
Budget Estimate, 1955	<u>10,215,000</u>	<u>11,243,500</u>	<u>21,458,500</u>
Increase or decrease	<u>+1,512,800</u>	<u>-519,553</u>	<u>+993,247</u>

SUMMARY OF INCREASES AND DECREASES, 1955

Marketing Research and Agricultural Estimates:

For intensifying and expanding efforts to conserve food and obtain less expensive marketing through such means as reducing food waste and spoilage in marketing channels, saving manpower in handling the products, finding less costly storage and distributing methods, and to assist in developing new or expanded market outlets for agricultural commodities, particularly those in surplus supply	+1,100,000
For strengthening the commodity and general economic analyses and services both at National and State levels and for improving estimates of farm production expenses and income, including factors and trends in demand, price, supply, and consumption of farm products and their effects upon production and marketing of farm commodities and upon farmers' receipts	+167,000
For providing new basic production data on selected commodities, and in additional areas which will aid producers in the marketing of these products, including \$58,800 for placing penalty mail costs on a full-year basis	+245,800
Total increase for Marketing Research and Agricultural Estimates	<u>+1,512,800</u>

Marketing Services:

To place funds for penalty mail costs for the Market News project on a full-year basis	+94,500
To provide for more effective supervision, particularly at ports, of the greatly increased volume of grain inspections by licensees under the Grain Standards Act	+52,650
Decrease in permissive inspection and grading services to be offset, where feasible, by increasing fees to place the work on a more nearly self-supporting basis	-483,950
Reduction in amount appropriated for cotton classing	-63,050
Decrease due to curtailment of cotton standardization and tobacco demonstration activities	-24,425
Elimination of certain activities relating to the compilation and dissemination of information on marketing methods, practices, and processing techniques	-32,028
Reduction in the work on commodity freight rates	-6,300
Reduction in level of administration of Standard Container Acts, Federal Seed Act, Packers and Stockyards Act, and Warehouse Act	-56,950
Net decrease for Marketing Services	<u>-519,553</u>
Net increase	<u>+993,247</u>

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
1. <u>Marketing research and agricultural estimates:</u>				
(a) <u>Marketing research</u>	\$3,759,300	\$4,000,000	+\$1,100,000(1)	\$5,100,000
(1) Marketing and transport- ation costs	(687,952)	(730,900)	(+144,100)	(875,000)
(2) Improving and evaluating: product quality	(1,108,994)	(1,181,000)	(+225,000)	(1,406,000)
(3) Market organization, facilities and practices ..	(1,582,665)	(1,632,700)	(+432,300)	(2,115,000)
(4) Market development	(379,689)	(405,400)	(+298,600)	(704,000)
(b) <u>Economic and statistical analysis</u>	866,007	860,000	+167,000(2)	1,027,000
(1) Price, supply and con- sumption	(570,236)	(597,000)	(+95,000)	(692,000)
(2) Farm income	(86,819)	(88,000)	(+74,000)	(162,000)
(3) Farm population	(208,952)	(175,000)	(-2,000)	(173,000)
(c) <u>Crop and livestock estimates</u>	3,341,256	3,842,200	+245,800(3)	4,088,000
(1) Field crop estimates and reports	(1,069,080)	(1,263,800)	(+26,200)	(1,290,000)
(2) Fruit, nut, vegetable estimates and reports	(520,317)	(588,300)	(+45,800)	(634,100)
(3) Livestock and poultry estimates and reports	(664,968)	(785,000)	(+150,600)	(935,600)
(4) Dairy estimates and reports	(385,436)	(431,800)	(+11,500)	(443,300)
(5) Agricultural price estimates and reports	(566,245)	(628,300)	(+10,500)	(638,800)
(6) Farm surveys and em- ployment estimates and reports	(75,060)	(82,000)	(+1,200)	(83,200)
(7) Cold storage report	(60,150)	(63,000)	- -	(63,000)
Total, Marketing research and agricultural estimates	7,966,563	8,702,200	+1,512,800	10,215,000
2. <u>Marketing services:</u>				
(a) <u>Market news service</u>	2,755,751	3,421,500	+94,500(4)	3,516,000
(1) Cotton and cottonseed ..	(344,992)	(383,150)	(+5,900)	(389,050)
(2) Dairy and poultry products	(341,639)	(588,300)	(+37,025)	(625,325)
(3) Fruits and vegetables ..	(745,788)	(940,300)	(+30,600)	(970,900)
(4) Grain, hay, feed, etc.	(108,281)	(162,075)	(+4,575)	(166,650)
(5) Leased wire service	(258,300)	(268,500)	- -	(268,500)
(6) Livestock, meats and wool	(739,198)	(854,350)	(+14,900)	(869,250)
(7) Molasses and sugarcane sirups	(21,251)	(23,175)	(+400)	(23,575)
(8) Naval stores	(17,967)	(21,200)	(+150)	(21,350)
(9) Tobacco	(178,335)	(180,450)	(+950)	(181,400)

(Continued on next page)

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
(b) <u>Inspection, grading and classing, and standardization</u>				
.....	6,176,174	6,552,803	-550,803(5)	6,002,000
(1) Cotton and cottonseed	(1,845,192)	(2,397,975)	(-125,375)	(2,272,600)
(2) Dairy and poultry products	(305,660)	(237,053)	(-127,853)	(109,200)
(3) Fruits and vegetables	(700,054)	(585,100)	(-283,350)	(301,750)
(4) Grain, including Grain Standards Act	(1,442,544)	(1,449,400)	(+89,650)	(1,539,050)
(5) Livestock, meats and wool	(151,628)	(132,675)	(-19,225)	(113,450)
(6) Naval stores	(33,872)	(32,800)	(-5,975)	(26,825)
(7) Rice, hay, beans, etc.	(105,684)	(119,400)	(-62,950)	(56,450)
(8) Liquid sugar, sirups and molasses	(15,974)	(19,600)	(-2,125)	(17,475)
(9) Tobacco	(1,575,566)	(1,578,800)	(-13,600)	(1,565,200)
(c) <u>Freight rate services</u>	174,109	167,300	-6,300(6)	161,000
(d) <u>Regulatory activities</u>	1,575,564	1,571,450	-56,950(7)	1,514,500
(1) Federal Seed Act	(253,730)	(252,675)	(-15,475)	(237,200)
(2) Naval stores and tobacco export permits	(9,138)	(9,500)	-	(9,500)
(3) Packers and Stockyards Act	(661,490)	(653,250)	(-37,950)	(620,300)
(4) Standard Container Acts	(10,381)	(10,225)	(-125)	(10,100)
(5) Warehouse Act	(640,825)	(640,800)	(-3,400)	(637,400)
(e) <u>Administration and coordination of State payments</u>	48,600	50,000	-	50,000
Total, marketing services	10,730,198	11,763,053	-519,553	11,243,500
Costs under Penalty Mail Act (P. L. 286)	[- -]	[1,344,982]	[+170,301]	[1,515,283]
Total available or estimate	18,696,761	20,465,253	+993,247	21,458,500
Transfers in 1955 estimates from:				
"Agricultural Marketing Act, Agriculture"	-3,253,521	-3,510,475		
"Salaries and expenses, Bureau of Agricultural Economics"	-4,109,492	-4,511,000		
"Salaries and expenses, Bureau of Entomology and Plant Quarantine, Agricultural Research Administration"	-131,707	-162,963		
"Salaries and expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, ARA"	-454,451	-467,640		
"Salaries and expenses, Marketing Services"	10,747,590	11,813,175		
Total appropriation or estimate:	- -	- -		

INCREASES AND DECREASES

Marketing Research and Agricultural Estimates

(1) An increase of \$1,100,000 under the project "Marketing Research" for additional marketing research to meet urgent marketing problems.

Need for Increase: Urgent marketing problems created by recent developments within the marketing industry are being accentuated by current cost and price changes.

As farmers increase their output from available crop land, and industry develops methods for better utilization of farm products, market operators must be ready to assume their share of responsibility. Otherwise, the advantages accruing from increased production and improved utilization may be dissipated in the distribution system. To enable marketing agencies to carry out their responsibilities, increased research is needed to develop know-how and provide the answers to questions as they arise.

The following are a few examples of the more pressing marketing problems which need attention at the present time with enumeration of some of the specific studies being proposed:

- a. Reduction of costs through greater economies and efficiencies in marketing and transportation operations (+\$144,100).

Marketing the products of the Nation's farms, ranches, and groves requires the physical handling and movement of millions of tons of commodities each year. Some of these products are handled as many as 25 or 30 times between producer and consumer. These operations require some millions of workers and billions of man-hours of labor. Currently the labor required for marketing some products exceeds the labor necessary to produce them. Costs incurred in getting farm products to consumers have been rising in the past few years, chiefly as a result of increases in wage rates and transportation rates. For example, average hourly earnings of food-marketing employees were 18 percent higher in early 1953 than in early 1950, and were 83 percent higher than in 1945. The continuous sharp rise in wage rates in food marketing reflects rising rates in other segments of the economy, and is largely outside the control of food-marketing agencies. However, the large number of man-hours required in marketing coupled with high wage rates emphasizes the need for more efficient utilization of manpower as a means of reducing marketing costs.

The increase is proposed for research work directed toward ways of reducing marketing costs through improved handling, packaging, processing, storing, shipping, and merchandising of farm products. The program would include analyses of costs and ways of reducing costs and improving efficiency in (a) the packing and processing of fruits and vegetables, (b) processing of mixed feeds, (c) manufacturing textiles, (d) transportation, (e) handling potatoes,

beans, and peas, (f) processing of poultry, oilseeds and animal fats, (g) shipping containers, (h) dry milk packaging, (i) pre-packaging of perishable products, (j) vacuum and hydrocooling of fruits and vegetables, and (k) methods of assembling milk from farms.

b. Protecting the nutritive value and other desirable qualities of farm products and preventing waste and spoilage in marketing channels (+\$225,000).

One of the most pressing problems, particularly in this period of large supplies, is in connection with the preservation of product quality in storage and other channels of marketing. The constant plague of insect infestation in stored grains and the hazards in the use of new insecticides accentuate the need for more effective control. Projects proposed to deal more adequately with this problem would include (a) the exploration and development of methods other than the use of chemicals. (One method which shows promise is the use of electric energy.) (b) the development of a rapid, reliable test for hidden insect damage, (c) studies of grain handling at country elevators to determine maximum moisture content and temperature for safe storage, (d) the adaptation of mechanical aeration and cooling methods for controlling moisture movements and temperatures, and (e) the development of structural forms that will assist in preventing insect and rodent contamination.

Research on the basic post-harvest physiology of fruits and vegetables would be expanded. Studies would include investigations of respiratory enzyme and carbohydrate and protein metabolism. Key components that control energy requirements and physiological reactions would also be isolated, identified and their function determined. Basic information is also needed on the rate at which fruits and vegetables lose moisture during various conditions in storage, in transit, and on the market. Various factors such as the relationship of surface exposed, difference in vapor pressure of air and the surface cells, and velocity of air movement would be determined. Such information would be of value in establishing equilibrium humidities for fruits and vegetables and for predicting the buildup of humidity within packages and storage rooms. It could also be used by refrigerating engineers in calculating heat load from moisture added to the storage air by fruits and vegetables.

Fairly substantial losses to producers occur from bruising of livestock in transit. This problem must be studied in a systematic way to determine the extent of damage resulting from bruising in loading and shipment as a means of developing methods for reducing such losses in marketing channels.

The marketing of improved or superior farm products can be aided through research by the development of tests and methods for rapid and reliable determination of quality. Dried milk products must be properly heat treated to be suitable for baking uses.

Although currently this is one of the largest outlets for this product, much of the dried milk appearing on the market is not prepared properly for baking use. Work on the development of a quick test for baking and other qualities in dried milk would be accelerated to provide a method for bakers to identify dried milk suitable for their purpose.

Research would also be accelerated in developing methods to identify superior meat-type hogs in marketing channels, to reduce excessive use of feed and uneconomic production of lard and greases, and provide consumers with leaner, less wasteful meat. Hog breeders know how to select strains of lean-type hogs from practically any breed. It is the job of marketing research to develop this information for hog producers who are buying breeding stock, and to work with packers to determine how and under what conditions they will recognize superior meat-type hogs and pay premiums for them.

Objective methods also need to be developed for a rapid determination of moisture in grains and seeds, and measurement of grain shrinkage in storage, and oil content and characteristics of oilseeds.

c. Improvements in "Market organization, facilities and practices"
(+\$432,300).

Adjustments within the marketing system are needed in response to technological advances in processing, handling, and distributing, and to changes in consumer habits and customs. With the growth of urban centers, market facilities have to be relocated, expanded, and adapted for different kinds of equipment. Market operators need technical assistance and guidance directed toward more efficient use of labor through mechanization and work simplification and conserving transportation by determining advantageous market locations or types of carriers.

Additional work is needed to broaden the scope of planning new market facilities, to improve packing and loading techniques for shipping perishable products, and to improve refrigeration methods for fruits and vegetables at the source, in transit, and at the market. Studies would be expanded to improve the methods, equipment, and structures for drying, conditioning, and storing grains, seeds, and feeds; and for storing fruits and vegetables, nursery stock, and plant materials.

Investigations would be made of automatic egg candling devices and improved methods of packaging fluid milk and other dairy products. The physical and economic aspects of prepackaging horticultural products, animal products, and poultry products would be studied on a wider scale.

The proposed increase would also provide for new or expanded activities dealing with such problems as the influence of competing fibers on wool and the organization of the wool marketing industry;

marketing of frozen foods, and sugar and maple products, fats and oils and oilseeds, and poultry products; dairy plant diversifications; coordinated selling of citrus; and a survey of the frozen-food locker industry.

d. Development of new or expanded domestic markets, particularly for commodities in surplus supply (+\$298,600).

Additional information is needed as to consumers' preferences for basic foodstuffs such as bread, meats, and eggs. As bread-making formulas have changed in recent years, increasing reports of consumer dissatisfaction with the flavor and texture of white breads have been heard. Consumption of wheat per person has been declining. Preliminary testing has indicated four types of white bread that are clearly discriminable by average consumers. In cooperation with bakers' organizations it is planned to conduct a national survey to determine consumers' preferences for each type of bread. This information will be used by the baking industry to determine the types of bread most acceptable to consumers by regions, and should be of value in arresting the current down-trend in wheat consumption.

Studies will be made also of the economic feasibility of waste disposal and by-product utilization for poultry and egg processing plants, and of ways of expanding market outlets for fats and oils through established commercial channels, and of expanding dry-milk uses. Appraisals will be made of present and possible new domestic distribution programs with the object of determining the adequacy of such programs in moving surplus agricultural products into consumption and at the same time improving the health and nutritional standards of under-consuming elements of the population. Intensive studies of methods of merchandising agricultural products will be begun, with the object of aiding marketing firms in stimulating purchases and consumption of dairy and other agricultural products in abundant or surplus supply.

(2) An increase of \$167,000 under the project "Economic and Statistical Analysis" to strengthen the commodity and general economic outlook analyses and services both at the national and state levels and to improve estimates of farm production expenses and income.

Need for Increase: More comprehensive commodity and general economic outlook analyses and services and improved estimates of farm production expenses and income are urgently needed. A shift to a buyer's market is becoming increasingly apparent, and prices in some parts of the economy, particularly in agriculture, are being subjected to increasing pressures. In order to maximize returns in such a period of adjustment farmers and other producers of farm products must give increased attention to trends and outlook for specific commodities, farm expenditures and income. Handlers of farm commodities, lending institutions, manufacturers of farm equipment and supplies, governmental agencies concerned with farm prices and income or with the status of the economy generally also have a direct interest in these analyses and services. Such information is essential in connection with local agricultural outlook work carried forward by the State extension services.

Strengthened outlook work and more comprehensive farm income data are urgently needed. Specifically, more information is needed on the general outlook for agriculture, on the outlook for specific commodities, on farm expenditures and on net farm income. In order that maximum reliance may be placed upon the decisions of individual farmers as a means of adjusting agricultural production and meeting various production cost and marketing problems which are increasingly arising, agricultural outlook work on commodity, price and income prospects must be strengthened on both a National and State basis. Farm expenditure estimates especially need to be strengthened and improved, and estimates of farm expenditure and net farm income need to be developed by States as well as for the United States as a whole. Farm income estimates should be placed on a comparable basis with those for the nonfarm sector of the economy. The first step in doing this would be the development of improved estimates of farm expenditures and income by States. There is an increased demand for and reliance on such information. More information on the size distribution of income among farm families and related data would permit more meaningful comparisons between the income of farm people and that of other occupational groups.

Plan of Work: At the national level, work would be initiated on systematic development of uniform methods and estimates of farm production expenditures by States in conjunction with the existing work on U. S. total farm expenditures and net farm income, and on monthly cash receipts from farm marketings by commodities and States. Increased emphasis would be placed on basic study and analysis of factors affecting commodity price and income prospects, with greater attention to regional and area differences. Accordingly, a first line commodity analyst with necessary assistants would be assigned to each major commodity group or closely associated groups to analyze the factors affecting price and income prospects, including demand for farm products. Strengthening this work in this manner would provide the analytical basis for improvement in the current outlook work and aid in the heavy service work related to these analyses. It will enable the Department to give much better service to workers in the State Experiment Stations and Extension Services who carry primary responsibilities for interpreting commodity price and income prospects to individual farmers.

(3) An increase of \$245,800 under the project "Crop and livestock estimates" to provide new basic production data on selected commodities, and in additional areas which will aid producers in the marketing of their products.

Need for Increase and Plan of Work: Buyers and sellers -- farmers, processors, shippers and other handlers -- need considerable statistical information on production and supplies in their efforts to supply every community with the right amounts of agricultural commodities from all parts of the country throughout the year. Much of this information is being made available in the form of crop and livestock estimates and data on stocks and disappearances. However, more statistical information is needed and has been recommended by the Department Advisory Committees and urgently requested by the specific industry groups.

Weekly Reports on broiler chick placements are needed in additional areas as an aid in marketing. Weekly Broiler Reports on broiler chick placements and other pertinent information - a very popular type of service and one found to be extremely useful as an aid to broiler marketing - now covers principal producing areas in 16 States, or about two-thirds of the commercial broiler production in the U. S. The weekly reports enable broiler producers and handlers to make more dependable analyses of the trends in placements and the prospects as to future marketings.

With rapid expansion of the industry into new areas and States it has been impossible to keep the coverage abreast of the newly developed areas and enlarging scale of nationwide production. It is planned to extend coverage to new important areas which have grown up and should be included in 5 States where some older areas have been regularly reported. Substantial broiler output also justifies extending the reporting service to the States of Illinois, Louisiana, Missouri, Pennsylvania, South Carolina and Washington.

Statistics on cattle-on-feed in important areas are not now available. Quarterly Cattle-on-Feed Reports have been developed and issued for several years, on a pilot basis, for 3 major feeding States in the Corn Belt - Illinois, Iowa, and Nebraska - and similar reports were inaugurated during the past year in California. These reports furnish timely indications on numbers and kinds of cattle on feed, length of time on feed, weight and expected marketings. The reports for the limited areas covered have been widely used by cattle growers and all others concerned, and have proven their worth as current facts upon which to base judgments in adjusting feeding operations and marketing plans.

The demand is strong to provide the same type of reports for the guidance of the cattle industry in other important feeding States in the Corn Belt and the Western States; particularly Ohio, Indiana, Missouri, Minnesota, South Dakota, Kansas, Colorado, Texas, and Arizona.

Expanded reports on turkey poult placements are needed in 6 major producing States. Provision has been made to conduct the necessary background surveys on the capacity and output of hatcheries producing turkey poults, in preparation for the establishment of monthly reports on number of poults hatched for light and heavy breeds separately. The survey to secure complete coverage of all turkey hatcheries has been underway the past several months. In addition, a special one-time survey is being made of the December 1953 poult production in 7 States which probably accounts for three-fourths of the December hatch. A report on this survey is to be released early in January in time to be considered by turkey industry leaders in their annual meeting in making their recommendations to the industry as to the desirable level for 1954 turkey production. Also, in conjunction with the expanded turkey reporting program, the January report on intentions to raise turkeys and the report on breeder hens on farms as of January 1 will provide separate indications on light and heavy breeds. The breeder hen report will be released on or about January 26, or approximately 3 weeks earlier than heretofore.

A more adequate and timely reporting service is increasingly needed by turkey producers whose marketing pattern had been substantially altered, and problems thus magnified, by the introduction and rapid rise in production of the Beltsville White Turkey. The further development that is needed to round out the reporting service desired by turkey producers as an aid in formulating their marketing plans is the issuance of Weekly Poult Placement Reports for at least the major turkey fryer States. These would be similar to the weekly broiler reports, providing current data on eggs set and poults placed (including inshipments), by light and heavy breeds. The major States for which such reports would be started - representing about 75% of the United States turkey fryer production - are California, Iowa, Minnesota, South Carolina, Virginia, and West Virginia.

Forecasts of the calf crop are needed by livestock groups. Livestock advisory groups have for some time been emphasizing the need for a forecast of the size of the calf crop, by States, at some timely point in the marketing year, as well as an earlier estimate of the calf crop following the close of the year. At present, the only information available on calf production are the data prepared as a by-product of the annual estimates of farm production and income from cattle and calves in a report released in April.

It is proposed to expand the scope of present inquiries and provide an adequate basis for making a mid-year forecast of the calf crop for all States (to be issued late in June or in July); also, to expand and accelerate the analysis of end-of-season reports on calf production, and furnish a special summary of calf-crop estimates, by States, early in March. A breakdown between milk and beef calves born is not contemplated in either of the proposed reports.

Increased use of vegetable fat in certain dairy products affects marketing patterns. A problem of growing concern to the dairy manufacturing industry is the increasing use of vegetable fats as a substitute for milk fat in certain dairy products. The use so far has occurred mainly in the production of frozen desserts but has also extended to other products such as cheese and canned concentrated milks. In 1952, a limited pilot survey was made to determine the extent to which frozen desserts were made from vegetable fats in the 4 States which then permitted this substitution for butterfat. This provided a partial indication of the magnitude and the spreading tendency of the practice.

During 1953, the number of States permitting vegetable fat substitution more than doubled. Advisory groups have considered the situation in relation to the dairy industry and feel that the problem is sufficiently serious to warrant more intensive study. Initially, it is proposed that a thorough appraisal be made of the location of production, magnitude of output, and quantity of non-milk fat used by plants producing foods containing vegetable fats and milk solids-non-fat, and to issue periodic reports on the quantities produced of those products utilizing vegetable fats.

Lack of statistics on the summer crop of potatoes in late-crop States is a handicap to orderly marketing. The summer crop of potatoes in the Northern or late-shipping States - that part of the crop grown in about 20 of these States for marketing in the period July through September - is not separately estimated but is included in the total production estimate for these States. Without any reasonably dependable measure of the size of the summer crop, the growers' plans for marketing have been handicapped by lack of an adequate clue to the actual competitive supplies of late potatoes available for marketing in the late Fall, Winter, and Spring months. For several years, the growers in Western, midwestern, and other late-crop States have urged that they be furnished with estimates and reports that will segregate this summer segment of the late States' production.

The 20 late States mainly concerned account for considerably more than half of the marketings during the summer months, in competition with the crop from the intermediate States. It would be costly to initiate summer-crop estimates in all 20 late States, especially in those having extensive intermingling of early and late variety plantings in the same areas. Where the problem is mainly one of estimating production in areas that concentrate predominately on summer crop, an initial start can be made which would be extremely helpful. The undertaking on this basis can be initiated in about a half-dozen of the major States concerned - Idaho, Oregon, Washington, Colorado, Wisconsin, and Minnesota - which account for about half the summer crop produced in the 20 late States.

The increase of \$245,800 under this project includes \$58,800 to place penalty mail costs on a full-year basis. These mailings consist principally of questionnaires sent to volunteer reporters for their use in reporting the data required for the many crop estimates and forecasts and the distribution of completed reports to reporters and others interested in the data. Absorption of these costs would result in inadequate sampling and, therefore, less reliable estimates.

(4) An increase of \$94,500 under the project "Market news service" for placing penalty mail costs on a full-year basis. This proposed increase is to provide for mailing market news reports. The absorption of the cost of mailing the market news reports would necessitate the closing of some offices and the areas around them would neither provide nor receive the data on marketings, produce movements, stocks, and prices which are vital to the orderly marketing of agricultural commodities.

(5) A net decrease of \$550,803 in the Inspection, Grading and Classing and Standardization project, composed of:

- a. A \$483,950 reduction in permissive inspection activities. Fees are charged in connection with all of these activities and used to pay a large part of the cost of the service. This decrease will eliminate, in most commodity projects, the amounts appropriated for inspections. Where feasible, fees will be raised to make the service as nearly self-supporting as possible.

- b. Reduction of \$63,050 in the appropriation for cotton classing. The amount remaining for cotton classing is the same as that originally contemplated and approved in the appropriation for 1954. The reduction, therefore, represents only the increase administratively applied to this work from savings in other lines of work in 1954 in order to reduce the amount it would otherwise have been necessary to advance from Commodity Credit Corporation.
- c. Reduction of \$24,425 resulting from some curtailment in cotton standardization and tobacco demonstration activities. This may result in some delays in the distribution of copies of official cotton standards. Tobacco demonstration work in the flue-cured areas will be curtailed.
- d. A decrease of \$32,028 in activities relating primarily to the compilation and dissemination of information on marketing methods, practices, and processing techniques. The savings are expected to be effected primarily from completion of the study of securing information on plant capacities of the meat packing industry to correlate livestock slaughtering and meat production in the various areas, and a substantial reduction in preparing and distributing educational materials and farmers' bulletins as well as in programs dealing with improving the efficiency of processing, storing, transporting, and distributing poultry and egg products.
- e. An increase of \$52,650 to provide for more effective supervision, particularly at ports, of the greatly increased volume of grain inspections by licensees under the Grain Standards Act. Through other adjustments anticipated within the inspection and grading project, an additional \$37,000 is expected to be made available for this work, making a total increase of \$88,000.

Need for Increase: The Department has recently received reports and complaints on the quality of grain in shipments to foreign countries. This is damaging U. S. foreign commerce in grain. This situation is in part due to the serious decrease during the past ten years in the effectiveness of the administration of the Grain Standards Act resulting from the continuing decrease in the number of personnel available for supervision of licensed inspectors. With the outlook for continued high production of grains and the need for foreign markets for surplus U. S. grain, steps need to be taken to correct this situation.

Grading is mandatory for most grain sold by grade. Under the provisions of the U. S. Grain Standards Act, all grain sold by grade and moved in interstate or foreign commerce, from or to an inspection point, must be inspected and graded by an inspector licensed by the Department. The Department is responsible for the supervision of the grading activities of the licensed inspectors to insure reasonable accuracy and uniformity in the application of the standards established by law, and must handle appeals made from the grades determined by the licensed inspectors. Appeals are made by buyers, sellers, or other interested parties who believe their grain has been improperly graded by the licensees.

Inspections by licensees have doubled since 1941. Federal supervision over the work of licensees (measured in man-years) has declined by about 9 percent since 1941, due principally to higher operating costs. During the same period, the number of inspections by licensees has almost doubled—from 1,268,121 in 1941 to 2,241,892 in 1953, and the proportion of licensees' inspections Federally supervised (including appeals) has decreased from 15 percent to only 9 percent. Of necessity, the appeals work is given priority and during peak periods on appeals at certain markets, little or no time remains for other supervision. Appeals have increased from 56,900 in 1941 to 86,116 in 1953. Both buyers and sellers look to the Federal grain supervisor for assurance that the proper grade is placed upon their commodities. With the lessening of Federal supervision their confidence in the licensees' grades lessens and they call more frequently for appeal inspections. This, in turn, further increases the workload of the Federal staff to a point where it is impossible to comply with all requests and further decreases the number of personnel that can be made available for supervision of licensed inspectors.

Improper grading affects costs to government and to commercial exporters. This situation could have a serious effect on the cost to the Government of operations under the price support and export programs, as well as costs to commercial exporters. Supervision of the inspection of cargo grain is extremely important by reason of the large quantities involved and their value. Cargo shipments via coastwise, lake and inland waterways are unloaded at destinations within the United States. Failure to assign the same grade at point of loading and discharge means serious financial loss and disruption of forward contract obligations. Faulty grading on cargo lots moving in export reflects seriously and unfavorably in foreign markets on U. S. overseas trade. Evidence of this situation was vividly presented at a meeting held recently in Madrid, Spain in connection with the International Wheat Agreement. It is believed that the sharp decrease in U. S. grain exports results, in part, from this dissatisfaction.

Inspection and supervision is necessary at both carlot unloading and cargo loading. It is particularly important that the correct grade be assured on grain for export because appeal grading is not possible after the grain is loaded on a ship. With flaxseed around \$4.00 per bu., a 1 percent dockage loss on an average cargo would represent a loss of approximately \$12,000. With wheat at \$2.25 per bu., a 1 percent dockage loss would mean an average cargo loss of \$7,500. Accordingly, adequate supervision of cargo inspection should be available at the time of loading.

Department employees at 42 locations are unable to adequately supervise licensed inspections at 258 points. There are 157 markets throughout the country where official inspection is maintained by licensees of the Department. Producers and merchandisers who ship their grain by grade to and from these inspection points are required by law to have their grain officially graded. Inspection service is available also at 101 additional or designated points upon request. These designated points are serviced by inspectors located at the nearest of the 157 inspection points. The Department maintains 35 District offices and

7 sub-offices to supervise the work and handle the appeals originating at the above 258 points. To meet changes in the grain marketing pattern during recent years, Federal employees have been shifted from one point to another for maximum efficiency. The available man-power is now so thinly spread that further moves would only shift the problem from one point to another.

Situation particularly acute at ports. Houston, Texas has grown considerably as a grain shipping port. In 1953, a total of 50,518 inspections, including 285 cargoes, were made and the supervisory employees at Galveston, district headquarters for Houston, were unable to handle the increased workload. The port of Port Arthur, Texas, which is also in the Galveston district, is rapidly becoming an active export market and more Federal supervision of inspections is urgently needed at this port. The new grain elevator under construction at Corpus Christi (also in the Galveston district) will further increase the workload in that district. A similar situation exists at the ports of Mobile, Alabama, and Norfolk, Virginia where inspections in 1953 were 9,254 and 9,386, including 158 and 167 cargoes, respectively. Inspections at these points are supervised from New Orleans and Baltimore, respectively.

The increase would be used primarily to strengthen the supervision of grain inspections at ports where the need is most acute.

(6) A decrease of \$6,300 in "Freight Rate Service" to be effected by the elimination of one commodity transportation specialist and distributing the work to the 5 remaining specialists in other commodity fields.

(7) A decrease of \$56,950 in the marketing regulatory activities composed of:

- a. \$15,475 by curtailing interstate activities under the Federal Seed Act. Apparent violations of the interstate provisions of the Act are reported by State seed employees to the Department for investigation and the initiation of legal proceedings where necessary. Investigations of these reported violations will be reduced.
- b. \$37,950 by curtailing supervision of markets posted under the Packers and Stockyards Act. This will result primarily from closing the Cincinnati and Cleveland offices and transferring responsibility of posted yards in these territories to other stations.
- c. \$125 by curtailing travel to container factories for testing containers for compliance with the provisions of the Standard Container Acts.
- d. \$3,400 by delays in filling vacancies which occur in connection with administration of the U. S. Warehouse Act.

CHANGES IN LANGUAGE

The estimates propose new appropriation items for marketing research and service as follows (new language underscored):

For expenses necessary to carry on research and service to improve and develop marketing and distribution relating to agriculture as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, including the administration of marketing regulatory acts connected therewith:

Marketing research and agricultural estimates: For research and development relating to agricultural marketing and distribution, for analyses relating to farm prices, income and population, and demand for farm products, and for crop and livestock estimates; \$10,215,000: Provided, That no part of the funds herein appropriated shall be available for any expense incident to ascertaining, collating, or publishing a report stating the intention of farmers as to the acreage to be planted in cotton, or, for estimates of apple production for other than the commercial crop.

Marketing Services: For services relating to agricultural marketing and distribution, for carrying out regulatory acts connected therewith, and for administration and coordination of payments to States; \$11,243,500, including not to exceed \$25,000 for employment at rates not to exceed \$100 per diem, pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in carrying out section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291) and section 203(j) of the Agricultural Marketing Act of 1946.

This new language proposes the consolidation into one main-head appropriation, the marketing research and service work formerly carried on in five bureaus of the Department under five separate appropriations. The proposed appropriation would consist of two sub-appropriations:

1. Marketing Research and Agricultural Estimates. Under this item, work conducted would include:
 - (a) All of the marketing research and agricultural estimates formerly carried on by the Department under the Agricultural Marketing Act of 1946, except (1) research relating to marketing of forest products, (2) studies of foreign competition and trade, (3) certain research items closely associated with farm production problems or related to on-farm handling, transportation and storage of agricultural products which will be provided for under the appropriation for the Agricultural Research Service.
 - (b) Other marketing research formerly provided for under "Marketing Services" in the 1954 Appropriation Act and research on off-farm handling, transportation and storage of agricultural products,

including investigations of insect infestations of off-farm stored products formerly performed by the Agricultural Research Administration.

- (c) All the work formerly conducted under the appropriation for the Bureau of Agricultural Economics, except that relating to research on farm management and costs (including local farm labor studies), land economics, and agricultural finance, which are included in the estimates for the Agricultural Research Service.
- (d) The cold storage report formerly included in the market news financial project of "Marketing Services".

2. Marketing Services. This item would cover all of the work formerly conducted under Marketing Services, except (1) Marketing research, (2) the cold storage reports, and (3) cotton ginning and processing research and the administration of the Insecticide Act which are reflected in the proposed appropriation item for the Agricultural Research Service. The Marketing Services sub-appropriation will, therefore, include the Market News Service; developing and revising standards of quality for all farm products and providing an inspection, classing and grading service for the application of these standards on any agricultural product at any place in the marketing process where the service is requested; freight rate assistance through participation in the behalf of producers and other groups in formal cases before the Interstate Commerce Commission and other regulatory bodies, and in informal negotiations with carriers and groups of carriers; and the administration of marketing regulatory laws. It would also include the work, formerly financed under the Agricultural Marketing Act appropriation, of (1) developing and revising grade standards for certain commodities, (2) obtaining equitable and reasonable freight rates and satisfactory transportation services for farm supplies, fish and shell fish, through informal negotiations and through participation in formal cases before the Interstate Commerce Commission and other regulatory bodies, (3) conducting seed schools to assure greater uniformity in sampling and testing seeds and the interpretation of test results, and (4) demonstrating and encouraging the adoption by retailers and wholesalers of improved methods of handling and merchandising foods. The administration and coordination of the work under the proposed new appropriation item under the Agricultural Marketing Service "Payments to States, Territories and Possessions" will also be financed from this sub-appropriation.

The provisos contained in the "Marketing Research and Agricultural Estimates" sub-appropriation were formerly carried under the appropriation "Economic investigations, Bureau of Agricultural Economics." The special employment authority contained in "Marketing Services" for freight rate service was formerly contained in the item "Marketing Services."

This consolidation and grouping under one item of all programs dealing with marketing is intended to continue existing authorities for this work. This consolidation will provide for the concentration in one appropriation of funds formerly carried in several appropriations. This will permit increased emphasis on agricultural marketing activities which is urgently needed.

STATUS OF PROGRAM

The work under this appropriation consists of research and service to improve and develop the marketing and distribution of agricultural commodities. The functions are divided into two subappropriations as follows:

1. Marketing Research and Agricultural Estimates
2. Marketing Services.

Each subappropriation is further divided into financial projects. Current activities, progress, and current programs under each project are described below.

MARKETING RESEARCH AND AGRICULTURAL ESTIMATES

I. Marketing Research

Current Activities:

Marketing Research provides for the study and investigation of (a) transportation rates and costs and marketing facilities, equipment and handling methods; (b) the biological, physical, and economic aspects of measuring, maintaining, and improving product quality; (c) trade in specific agricultural commodities, including measurements of costs and margins, market organization and practices, and improvement in market information; and (d) the uses and market acceptance of new and established agricultural products, techniques for analyzing consumer market behavior, market potentials, and methods of merchandising.

The research, involving cooperation with other public and private agencies, is designed to benefit all of the major agricultural commodity groups and as many of the other commodities as possible, and to provide research at each stage of marketing, such as in assembly points, terminal or central markets, wholesale and retail markets. The essential objective of the program is to increase the efficiency with which agricultural products are taken in the raw state from the farm and placed in the hands of consumers in the forms, at the times, and in the places desired by consumers. With the achievement of this objective benefits accruing to farmers from increased production and better utilization of farm products will not be dissipated in the distribution system.

The work is classified into the following broad fields:

1. Marketing and transportation costs: To provide information on costs and relative efficiency which will identify areas where more productive follow-up research can be conducted, and to provide a basis for constructive educational and service work, studies are made of marketing and transportation costs and factors influencing operating efficiency of the different units in the marketing system.

2. Improving and evaluating product quality: To improve quality and acceptability of farm products and to lower marketing costs, studies are made of ways to reduce waste and spoilage, including better storage methods; and new devices and methods are developed to make rapid determinations of product quality and the adequacy of the grades and standards is appraised.

3. Market organization, facilities and practices: To develop improvements in market operations, studies are made of structures, facilities, equipment and methods to obtain more efficient use of labor through mechanization and work simplification; to conserve transportation by determining advantageous market locations or types of carriers; and to ascertain changes in market organization best suited to new products or types of distribution being introduced in agricultural commerce and trade.

4. Market development: To assist in providing new and expanded domestic market outlets for agricultural products, studies are made to determine market potentials, the economic aspects of expanded outlets for new or established products, the economic feasibility of waste disposal and by-products utilization, consumer preferences, new market outlets through distribution programs, and methods, procedures, and practices to improve the merchandising of agricultural products.

Selected Examples of Recent Progress:

1. Factors affecting changes in cost of marketing farm foods reported. Factors affecting changes in marketing costs and their influence on the division of consumer expenditures between farmers and marketing agencies were reported regularly in The Marketing and Transportation Situation. Costs of marketing farm foods continued to increase during the last year and prices received by farmers have declined. As a result, the retail prices of farm-food products during the first half of 1953 averaged only slightly lower than for the first half of 1952 despite a decline of more than five percent in the average prices of farm-food products. As indicated by regular reports, the retail cost of the market basket of farm foods bought by the average city family declined from an annual rate of \$1,015 in the first half of 1952 to \$1,000 in the first half of 1953. During this same period, charges for marketing these foods increased from an annual rate of \$540 to \$550 while the amount received by farmers for these foods declined.

2. Factors responsible for reduced consumption of milk discovered. A study recently completed in Memphis, Tennessee, was aimed at discovering some of the major factors responsible for reduction in per capita consumption of fluid milk which had continued over a period of three years. The results of this study provide fluidmilk producers and distributors with information concerning the nature of competition from dry milk solids and some of the conditions that must be met to minimize such competition. Although this study was designed to be primarily of value to the Memphis market, it served as a pilot study, testing methodology and approach for larger studies being planned

which will be geographically broader in scope for the purpose of discovering ways of increasing milk production and consumption over a broader area. The approach used in these studies is an attempt through market information obtained from marketing research to provide industries whose products are in surplus supply with a means of developing and expanding markets for their products.

3. Better methods of handling apples reduce costs. The cost of handling boxed apples at packing and storage houses in the Northwest can be reduced more than one-third by the adoption of improved methods and equipment developed under contract by the Washington State Apple Commission. In addition, the improved methods help to reduce bruising and deterioration of the fruit. Using assumed labor cost rates for purposes of comparison only, it was found that various methods now in use ranged in cost from \$31.65 to \$50.52 per 1,000 boxes of fruit. The findings are applicable in any major apple-growing region.

4. Work on frozen concentrated apple juice assists apple industry. The work on frozen concentrated apple juice has been of considerable assistance to the apple industry of the Northwest. At least two plants are manufacturing juice for commercial distribution and plans are under way for cooperative operation of a frozen concentrated juice plant. The reports on this project received honorable mention by the Washington Chapter of the American Marketing Association as an outstanding piece of marketing work undertaken by Federal personnel.

5. Transporting cherries in water pays off in better quality and reduced costs. Studies made in cooperation with the Michigan Agricultural Experiment Station show that cherries hauled in water from orchard to canning plant retain their original quality to a higher degree than those hauled in lugs. Cherries are cooled, there is less mechanical damage, drained weights before and after canning are higher, and cost of handling from the orchard to the cannery is reduced.

6. Improved maturity standards for peaches. An objective maturity standard for Elberta peaches--consisting of a pressure test reading of 16 pounds on the pitted cheeks--has been developed to supplement present maturity measures, which are based to a large degree on judgment. Use of this maturity standard by inspectors, shippers, and growers will help keep immature peaches, which do not ripen with good flavor, off the market and make possible the delivery of riper and better quality peaches to consumers.

7. Improved equipment reduces labor in sorting fruits and vegetables. Packing houses can reduce labor required in sorting and grading fruits and vegetables by adopting recommendations for improving sorting tables to provide the proper speeds of movement and rotation, and the proper number of rows for maximum efficiency of

inspectors. In packing house tests, using specially built equipment, man-hour reductions ranged up to 75 percent. The work was done under contract by the University of California.

8. Improved practices reduce spoilage and deterioration of potatoes. Results of the studies of spoilage in marketing early Irish potatoes in the Southern States show the amount and kinds of damage and deterioration in handling and marketing potatoes from the time of digging until offered for sale in retail stores in New York City and Philadelphia. Sufficient information has been released to the industry to enable it to make several changes in digging and handling practices. The study pointed out specifically where and why damage occurred from the field to the packing shed, and afforded sufficient information for action.

9. Solution suggested for erratic butter prices at country points. Terminal butter markets usually underquote the market for butter in the North Central Region, according to a study of the pricing and marketing of butter at country points. The present system of premiums and discounts from terminal market quotations establishes butter prices at country points in an erratic and illogical pattern. The study suggests solutions for the problems investigated which, if adopted by the industry, could have important impacts upon the efficiency of butter marketing and upon returns to creameries and dairy farmers.

10. Auction markets as livestock outlets in the Southern region. Approximately two-thirds of the slaughter cattle and calves, three-fifths of the slaughter hogs, and four-fifths of the slaughter sheep were sold by farmers through auction markets as shown by a study of auction markets as livestock outlets in the Southern region. Terminal markets are also important for cattle, as are direct sales to local dealers and local packing plants for hogs. Auctions also provide an important outlet for feeder animals, taking one-half of the feeder cattle and one-third of the feeder pigs sold by Southern farmers.

11. Livestock auctions in the Western States. Primarily within the last ten years, livestock auctions have become the most important outlet for cattle in the Western States. This decentralization has contributed to a lessening of market information regarding relative values and most favorable outlets. The study has focused attention on the need ranchers have for more adequate market information, particularly on feeder cattle. A rancher making two or three local sales a year is at a disadvantage dealing with buyers who make a life-time business of judging cattle values.

12. Marketing hogs by carcass weight and grade. A study of marketing hogs by carcass weight and grade has demonstrated that hog carcasses can be graded objectively and that this would permit producers to be paid for their hogs in line with the value of carcasses. The study has stimulated a great deal of interest in possible improved methods of pricing hogs in which the consumers' distaste for fat cuts and excess fat in pork cuts and his preferences for more lean cuts, such as hams and pork chops with a minimum of fat, can be more effectively carried to the farmer through the pricing system. Such a pricing system would give farmers an incentive to produce hogs which would yield more of the higher priced lean cuts and less lard, a surplus product increasingly difficult for packers to dispose of.

13. Damage to wheat by rice weevils occurs before infestation is apparent. The importance of avoiding losses of stored grain by preventing build-ups of insect pests is demonstrated by recent laboratory tests with wheat, which indicate that rice weevils do most of their damage before the infestation becomes apparent. Clean wheat was infested with rice weevil larvae and weighed at weekly intervals until development of the weevils was completed. Infested kernels lost 20 percent of their original weight, but this loss was five times the weight of the emerged adult weevils. Sixty-eight percent of the loss occurred during the first 28 days, during which there was no outward evidence of infestation.

14. Survey of floral and horticultural production and marketing aids industry. A survey of the trends in production and marketing of floral and horticultural crops is providing much needed information on the main sources of supply, principal market outlets, and agencies and channels through which the products move from producers to consumers. This information is aiding the industry in planning its sales promotional work in this increasingly important field.

15. Use of liquid sugar in processing reduces costs of production. A study of the use of liquid sugar in food processing plants showed that many processors, using 200,000 pounds or more of sugar per year, can save an average of 2.9¢ per ton, and sometimes as much as 16¢ per ton, by changing from crystalline to liquid sugar. These savings would result from sharp reductions in labor requirements, the elimination of certain steps in processing, and lower prices for liquid sugar than for crystalline. It was found that liquid sugar is usable in all the major types of sugar-containing processed foods--by bakers, confectioners, bottlers, sirup blenders, dairy plants, ice cream manufacturers, canners and others.

16. Improved facilities developed for additional terminal markets. Improved and modern facilities were recently placed in operation at Atlanta, Ga.; Hartford, Conn.; St. Louis, Mo.; and Boston, Mass. Additional facilities are in various stages of planning or construction at Jacksonville, Tex.; Louisville, Ky.; Nashville, Tenn.; Savannah, Ga.; Rochester, N.Y.; Houston, Tex.; and Indianapolis, Ind. Wherever new facilities have been constructed, labor and handling costs have been reduced, market quality of products has improved,

and products move more rapidly and in larger volume to the mutual benefit of producers, handlers, and consumers.

17. New method of sampling eggs recommended. The egg-breaking industry can cut costs and provide higher quality liquid eggs by adopting a faster and cheaper method of sampling. A recent study showed that the sampling of liquid eggs can be done more economically and quickly at the churn, where the product is mixed before freezing, than by drilling samples from the frozen product. Results of the test can be obtained at least 72 hours earlier, making it possible to make adjustments in processing at once, rather than three days later.

18. Study of cottonseed crushing indicates most efficient type of mill. The prepress-solvent type of cottonseed oil mill usually returns the largest net profit per ton of seed processed, according to a study of the four major mill types. If there should be an industry-wide change to prepress-solvent extraction, the supply of cottonseed oil would be increased by approximately 11 percent as a result of higher extraction rate. These and other findings in the study provide a guide to mill owners in making necessary changes or improvements in their plants, as well as to those building new plants.

19. Basic guide issued for locating and correcting inefficiencies in cotton warehouses. A "Cotton Handling Guide" for the use of managers and foremen of cotton warehouses was issued as a result of several studies of methods and equipment for handling bales. This provides a basic guide for managers in locating inefficiencies in their operations and putting into effect practices that effect savings in labor and in costs. Studies of warehouse operations showed that the labor requirements for many individual operations could be reduced by half or more. Much back-breaking labor could be eliminated by the wider and more effective use of materials-handling equipment, and often by the mere rearrangement of working practices without additional equipment. The handbook tells how to recognize the signs of relatively low efficiency and high cost in cotton handling and how to cure the trouble. Use of recommended practices has become widespread in the industry; savings undoubtedly are large, although it is impossible to compute them accurately.

20. Improved methods save manpower and time in handling baled cotton. A study of the weighing of baled cotton in warehouses showed that the use of the portable platform dial scale could reduce the weighing crew from 6 men to 2 men, as compared with weighing on the widely used beam scale. In addition, the portable scale saves 20 percent or more of the time required to weigh a bale by the beam scale method, thus relieving a bottleneck in the cotton handling operation. A study of methods of stacking baled cotton in ware-

houses resulted in the development of a method by which 3 men can perform the work usually done by 4, without undue fatigue, resulting in a saving of about 25 percent in man-hours and labor costs.

21. Seed cotton can be stored for extended periods. Seed cotton can be stored for extended periods when it contains less than 14 percent moisture, without injury to the grade, spinning qualities, milling properties, or viability of the seed, as shown by a recent study. It was found that the practice of drying wet seed cotton in storage with hot air is too expensive to be practicable, but the circulation of cool air through the cotton can prevent heating and reduce the moisture content when cotton with more than 14 percent moisture is stored.

22. Large grain losses result from deterioration and spoilage and through inefficient handling practices. Surveys of the grain-handling and storage facilities of the Piedmont area of North Carolina showed that losses through deterioration and spoilage of grain through inefficient handling practices were very large. It was found that annual savings of more than \$5,000,000 could be effected by the provision of better storage and handling facilities and some improvement in handling methods; and that the savings in five years would be enough to meet the entire cost of providing modern, efficient facilities for the area. Similar conditions are known to prevail, in greater or lesser degree, in some other grain-growing areas.

23. Improvements in tung processing and marketing practices suggested. The tung nut industry has substantially greater capacity than is necessary to process the crops. The average period of operation for the two seasons studied was only 136 days, although some mills operated as many as 127 more days per season than did other mills. Costs also varied widely. On the basis of the study, it was suggested that the industry could place itself on a sounder basis by providing storage capacity large enough to permit more extended operation during the year; by working to reduce those costs which are above the average for the industry; by cautiousness in installing new capacity until the supply of tung nuts increases enough to make more adequate use of present capacity, by combining the processing business with such activities as growing tung nuts, manufacturing tung oil products, and other allied or similar types of operations.

24. Sales increased when grapes were displayed in both prepackaged and bulk form. In a recent study, it was demonstrated that the volume of sales of Thompson Seedless Grapes in the retail stores studied was greater when grapes were displayed in both prepackaged and bulk form than when they were displayed in bulk or in the packages alone. The study was undertaken to learn whether sales of grapes could be increased by prepackaging and whether efficiency

could be increased through a reduction in waste and spoilage losses, which are mainly due to shattering of grapes from bunches caused by handling by the customers. The additional cost of pre-packaging grapes in cellophane bags was approximately offset by a reduction in the waste and spoilage losses. The stores in which grapes were sold from a combination display (both bulk and in bags) had sales increases ranging from 8 to 49 percent, with an average increase of 18 percent.

25. Economics of wool grease recovery studied. A contract study soon to be completed will provide information on the economics of wool grease recovery in the United States. Wool grease, a by-product of the wool scouring process, has been a problem in pollution of streams and yet is a useful component for lubricants, anti-oxidant, cosmetics, water repellents, and many other uses. This study will provide basic data on costs of alternative methods of recovery or waste disposal of wool grease to guide the industry as anti-pollution control laws become more stringently enforced. Additional data may be obtained from this for physical research into new uses and methods of recovery, refinement and use of wool grease.

II. Economic and Statistical Analysis

Current Activities:

This project covers the gathering, analysis and interpretation of information on agriculture as a whole and for specific items, including many statistical series relating to farm income, prices, population and labor, and agricultural situation reports for important crops and livestock products.

Selected examples of recent progress:

1. Prices received by farmers in 1953 averaged around 10 percent below 1952 reflecting record supplies of farm products and a sharp curtailment in foreign demand for United States farm products. Prices of beef cattle and potatoes declined substantially while prices of hogs and eggs averaged higher than in 1952. With only a small decline in prices paid by farmers, the parity ratio averaged 92 in 1953 compared with 100 a year earlier. Price support programs will continue to cushion the impact of large supplies on prices of farm products in 1954. Grower prices are expected to hold near current levels and with cost rates to farmers stabilizing, the cost-price squeeze in agriculture is not likely to be intensified significantly in 1954.

2. Crop production this year was down somewhat from 1952 but with increased production of livestock products total farm output was very close to the record 1952 production. Supplies of most farm products are expected to continue large in 1954 and carryover stocks of some commodities may increase further. Acreage restric-

tions on some crops may reduce total crop output in 1954 even though most diverted acreage is used for other crops.

Farmers' cash receipts from marketings in the first ten months of 1953 totaled 24.7 billion, five percent less than in the corresponding period last year. A five percent increase in the total volume of marketings was more than offset by lower average prices. It is expected that total cash receipts for the year as a whole will be down about four or five percent from 1952.

Total livestock receipts in the ten-month period were \$14.1 billion, down eight percent from last year, but crop receipts of \$10.6 billion were only two percent lower than in 1952. A decline of 14 percent in cash receipts from meat animals, due mainly to lower prices of cattle and calves, accounted for most of the drop in total livestock receipts. Dairy receipts were down 6 percent, but receipts from poultry and eggs were 10 percent higher than last year. Receipts from wheat, corn, tobacco, peanuts, and most fruits were equal to or above last year, but receipts from cotton and vegetables were considerably lower.

3. A comprehensive handbook on Consumption of Food in the United States shows the changes that are occurring in the food market and provides a basis for evaluating further trends in the demand for food in the United States. The level of food consumption per person is now about 12 percent higher than in the prewar years, 1935-39. While the long-time trend in per person consumption of potatoes and cereal products continues downward, sharp increases are occurring in consumption of margarine, frozen fruit juices and vegetables.

4. The Commodity Situation Reports which cover all of the major groups of farm products have been continued with special emphasis on forecasts and long-run outlook for various commodities. Two special projects which have been undertaken involved (1) the preparation of information for hearings on foreign trade in agricultural commodities before the Senate Committee on Agriculture and Forestry and (2) a Department-wide review of price support policy for agricultural commodities.

(a) Sharp changes in the cattle situation have been followed closely and the outlook for the future appraised carefully. In reports and in talks before State and local groups, producers have been kept informed of the most likely trends ahead. The rate of cattle slaughter in 1953 has been so large as to provide a supply of beef for consumption of 75 pounds per person, 2 pounds above the previous record of 73 pounds consumed in 1909. It has also been large enough to bring to an end the 4-year expansion in numbers of cattle on farms. This points to no further increase in beef supplies per person and, provided demand for beef remains strong, to more stability in cattle prices.

(b) Continuing analyses of economic developments in the dairy industry were made and transmitted to members of Congress, Administrators of government programs and the general public. Attention was concentrated on developments causing high level milk production, change in utilization, and magnitude of government price-support purchases. Lower beef cattle prices and restricted acreages of some crops point to comparatively large milk output for some time to come. Output in 1953 will be second only to the 120 billion pounds produced in 1945.

(c) The egg price outlook is favorable for the first 6 months of 1954 with egg prices likely to be only slightly below a year earlier. This reflects poultrymen's restraint in expanding operations despite favorable egg-feed price relationships. Broiler prices also are likely to continue satisfactory to producers.

(d) Continued analyses were made of the current situation and outlook for food grains. Several appraisals were made of proposed price support plans for wheat. With a wheat crop of 1,163 million bushels for 1953, a carryover of 562 million and small imports, the supply of wheat for the 1953-54 marketing year is estimated at 1,730 million bushels. Domestic consumption is estimated at about 700 million bushels which leaves more than a billion bushels for exports and stocks. Exports in the 1953-54 marketing year will be substantially below 317 million bushels in 1952-53 and carryover stocks are expected to increase sharply. Farmers voted acreage allotments and marketing quotas for the 1954 crop but supplies will continue large in the 1954-55 marketing year.

(e) During the past year major attention has been given to (1) differences in supplies of feed grains by areas, (2) the important role of price support programs in the feed situation, (3) the influence of changes in feed supplies, livestock prices, and livestock numbers on prices and utilization of feed grains, and (4) changing relationships between prices of various feeds. Total supplies of feed grains and other concentrates for 1953-54 are slightly larger than last year and 5 percent above the 1946-50 average. Further slight decline is expected in the number of grain-consuming animal units. The 1953 production of feed grains appears fully adequate for 1953-54 requirements and may leave a little larger carryover at the close of the season.

(f) A statistical bulletin on American-Egyptian cotton and a supplement to Statistics on Cotton and Related Data, were published. New data on the production of cotton gray goods in the interwar years were collected. Disappearance of cotton in the 1953-54 crop year will probably be about the same as in 1952-53. Exports in 1953-54 may be somewhat larger than in 1952-53 and domestic mill consumption may be somewhat smaller than the 1952-53 figures of 3.0 and 9.5 million bales, respectively. The estimated carry-in stock of 5.2 million bales on August 1, 1953, compares to 2.8 million a year earlier and the estimated carry-out stock is about 9 million bales.

5. The continued decline in agricultural prices, which has been underway for almost 3 years, brought increasing interest in farm income estimates published regularly in the Farm Income Situation. Farm operators' realized net income in 1952 was 13.5 billion dollars, 8 percent lower than in 1951. The decline in net income was the result of a 3 percent increase in farmers' production expenses along with a slight decline in their gross income. Tentative estimates for 1953 indicate that realized gross farm income was about 4 percent lower than in 1952, with production expenses down only slightly. As a result, farmers' realized net income is down about a billion dollars more in 1953. Thus, farm operators' income in 1953 was about 4 billion dollars less than in 1947, the postwar peak, and about the same as in 1950. Since farm-family living costs remain high, this means that the purchasing power of farmers' net income is lower than in any year since 1941. The outlook for 1954 is for small declines in both gross income and expenses, with net income and its purchasing power likely to hold fairly close to their 1953 levels.

6. Economic trends and their effect on agriculture are appraised currently in the Demand and Price Situation. Economic activity, employment and consumer incomes were at record levels in 1953 despite some shading off in the last half of the year. Government demands on the economy rose moderately from 1952 with larger outlays for national security programs and increased spending by State and local Governments. Business investment spending also rose moderately and consumer buying increased substantially in response to higher incomes. No marked change in domestic demand for food and other agricultural products appears likely in 1954. Demands on the economy for defense programs and for business investment may be somewhat less next year than in 1953 but consumer income, bolstered by the reduction in income taxes, and the demand for food should remain fairly close to 1953 rates. Foreign takings of United States farm products were sharply reduced in the 1952-53 marketing season from the levels of recent years. In the coming year exports are likely to be maintained near current rates.

7. Revised historical series covering total farm population of the United States for 1910 to 1949 were prepared and issued as a Census-BLE publication. Comparable series of farm population estimates for geographical subdivision were prepared also, and work is being done on estimates of movements to and from farms for these divisions for use in analysis of regional problems.

(a) A report from the Matching Study of schedules of the population, housing and agriculture censuses of 1950 has been published in cooperation with the Census Bureau. This presents data on the population, income and housing characteristics of farm-operator households by economic class of farm. 70 percent of the population in farm-operator households lived on commercial farms in 1950, the remaining 30 percent on part-time, abnormal or residential farms. Both the age of the operator and the age of

the members of the household affect the productivity of the farm and consequently its economic class. Those farm-operator households least able to support a large number of dependents have the largest ratios of persons in the dependent ages to persons in the working ages.

(b) Several publications have resulted from work on the cooperative North Central Regional Population Project. In Ohio, for example, the State's population increased 243,000 through net migration and 796,000 through natural increase between 1940 and 1950. Rural areas had a net population gain due to migration of 226,000 between 1940 and 1950 while urban population had a net gain of only 18,000. The pattern of increase in rural areas, however, indicates a strong suburbanization movement of population in counties which have large cities or are adjacent to such counties, rather than an increase in rural-farm population.

8. An analysis was made of the hired farm labor force of 1952 with special information on migratory workers. The number of farm wage workers continued to decline and was lower than in any year since 1946. Year-round farm laborers averaged \$1,700 in cash wages in 1952. There were about 450,000 domestic migratory workers during the year. The majority of these workers travelled relatively short distances; only 22 percent went more than 300 miles from home to get work.

9. Studies were made with the Land Grant Colleges in Connecticut, Wisconsin and Texas on farmers' retirement plans and provisions for old age. Most farmers in the areas surveyed expected to depend primarily on their farm investment as a source of income in old age. Only about half of the farm operators interviewed in Connecticut and Texas believed that they will have enough income to live on if they retired in old age, and about 40 percent in Wisconsin. Between 50 and 70 percent believed that farming provides no more security in old age than other occupations.

10. A national survey was made in June 1953 to obtain information on the employment redistribution of veterans who have served in Korea. Special attention was given in the analysis to what has happened to veterans who were living or working on farms at the time that they first entered the service. The occupational trend of Korean veterans was away from agriculture. Half of the veterans who were agricultural workers before they entered the service shifted to employment in industry after their discharge. Only a third of the preservice workers from agriculture returned to farming. Altogether there were 1,900,000 men as of June 1953 who were Korean veterans.

III. Crop and Livestock Estimates

Current Activities:

Basic statistical and economic data relating to food and agriculture are gathered, analyzed and published, including acreages, yields, production, stocks, values and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products; and such related data as prices received and prices paid by farmers. Thousands of farmers, processors, merchants, and others serve as volunteer reporters and these reports are supplemented by field observations of the Department's statisticians and other data to provide the many estimates and reports issued for public information. A schedule showing the release dates for the reports issued in calendar year 1953 follows.

Selected Examples of Recent Progress:

1. Funds were made available in the fiscal year 1954 to provide for research leading to the improvement of crop and livestock estimates. A series of pilot cotton surveys was started immediately in Mississippi and North Carolina. Using mail surveys with follow-up visits to samples of nonrespondents, estimates of planted and harvested acreages, yield forecasts, and reported production from these surveys are being compared with indications from regular mail surveys and other sources. Cooperative work has also been carried on at the statistical laboratories at North Carolina State College and at Iowa State College. In North Carolina, studies have begun the use of objective plant measurements and objective measurements made by farmers for improving forecasts of cotton yields. In Iowa, studies have aimed to learn how much error may be present in farmers' reports of corn acreages and production because of the way farmers arrive at those figures.

Objective methods of forecasting and measuring yields are also under study. Work has also been started in cooperation with the Census Bureau to test the possibilities of sample census enumerations for collecting farm data. Pilot surveys in Virginia and Utah are providing information on sampling and operational problems. A panel of consultants, consisting of statisticians and agricultural economists from outside the Department of Agriculture, has been formed to review this work and to make recommendations for future studies.

2. To meet an increasing demand, the estimates of alfalfa and red clover seed production have been broken down to indicate the leading varieties of seed certified for use in connection with the grasslands program. Analysis of the 1951 crop showed that the production of certified alfalfa seed of improved varieties represented nearly one-fifth of the total alfalfa seed crop, compared with a little over one-tenth in 1950. Information regarding prospective production of certified seed of improved varieties is now included in the forecast reports for these seeds.

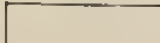
RELEASE DATES 1953

1953 C R L S E C T I O N 1953
CROP, LIVESTOCK, and LIVESTOCK PRODUCTS REPORTS
RELEASE DATES

RELEASE DATES 1953

	January	February	March	April	May	June	July	August	September	October	November	December	Day
1	Holiday New Year's Day	Sunday	Sunday				Disposition of Hoarder's Pork	Saturday			Sunday		1
2			Wheat Production and Income		Saturday			Sunday	Wheat Cover Crop Seeds				2
3	Saturday				Sunday					Saturday			3
4	Sunday			Saturday			Saturday Independence Day	Wheat Straps and Tackles	Wheat Seed	Sunday			4
5		Wheat Straps and Tackles		Sunday	Pork Disposition & Sales of Priced and Field Crops		Sunday		Saturday	Red Clover Seed		Saturday	5
6				Production & In- come from Chick- ens and Eggs		Saturday		Preparation of Hoarder's Milk Cows on Farms, June 1	Sunday			Sunday	6
7		Saturday	Saturday			Sunday		Storage of 1/4 Fluid Seeds	Holiday Labor Day		Saturday		7
8	Sunday	Sunday			Cotton Harvesting		Cotton Harvesting Bluegrass Seed	Saturday	Cotton		Sunday	Cotton	8
9	*Crop Production; Cattle Stocks; Commercial Vene- tables for Fresh Market and Proc.				Saturday			Sunday		*Crop Production; Commercial Vene- tables for Fresh Market and Proc.; Farm Labor	Cotton		9
10	Saturday	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Early Lamb Crop; Farm Labor	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	Sunday	*Crop Production; Farm Labor; Super Crops Dis- position; Commercial Vene- tables for Fresh Market and Proc.	*Crop Production; Farm Labor; Super Crops Dis- position; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	Cotton	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	Saturday	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor	10
11	Sunday			Saturday	*Crop Production; Tobacco Harvesting; Commercial Vene- tables for Fresh Market and Proc.; Farm Labor		Saturday	*Crop Production; Commercial Vene- tables for Fresh Market and Proc. Farm Labor		Sunday	Holiday Armistice Day		11
12	Sheep and Lambs on Feed			Sunday	Development of Early Lamb Crop		Sunday		Saturday		Lamb Feeding Situation	Saturday	12
13	Cattle on Feed; Farm Labor	Livestock, Poultry on Farms, Jan. 11 Milk Prod. on Farms & Dairy Farm Products	Young Chickens & Potentially Layers on Farms			Saturday	Hybrid Cows		Sunday	Citrus Fruit Pro- duction and Dis- position; Cattle on Feed, 3 Days	Small Annual Kernal Stores	Sunday	13
14	*Crop Production & Sales of Fruit and Field Crops	Saturday	Saturday	Cattle on Feed		Sunday	Cattle on Feed	Butchery		Alfalfa Seed	Saturday		14
15	Butchery	Sunday	Sunday	Butchery; Farm Production; Disposition & In- come from Milk	Saturday	Butchery	Orchardgrass Seed; Butchery	Saturday	Butchery; Buckwheat Seed; Broomcorn & Wheat grass Seeds	Butchery	Sunday	Butchery	15
16	Arrows & Prod. of Vegetable Seeds; Fluid Milk & Cream	Monthly Butchery; Butchery Disposition	Butchery	Fluid Milk & Cream	Saturday	Fluid Milk & Cream	Fluid Milk & Cream	Sunday	Fluid Milk & Cream	Sunday	Fluid Milk & Cream	Fluid Milk & Cream	16
17	Saturday	Fluid Milk & Cream	Intermediate Ac- count of Dairy Cattle; Fluid Milk & Cream	Naval Stores; Intermediate Arrows & Production of Vegetable Seeds	Sunday	Fluid Milk & Cream	Naval Stores		Saturday	Fluid Milk & Cream			17
18	Sunday	Naval Stores	Naval Stores	Saturday	Naval Stores; Fluid Milk & Cream	Naval Stores	Saturday	Naval Stores	Sunday	Naval Stores	Naval Stores	Naval Stores; Intermediate Arrows & Production of Vegetable Seeds	18
19	Naval Stores; Potato Stocks; Onion Stocks		Prospective Plantings	Sunday		Sour Cherries	Sunday		Saturday	Naval Stores		Saturday	19
20	Holiday Independence Day					Saturday			Sunday	Leopold Seed	Sunday		20
21	Wholesale Grocers' Stores of App. & Condensed Milk	Saturday	Saturday	Wholesale Grocers' Stores of App. & Condensed Milk		Sunday	Wholesale Grocers' Stores of App. & Condensed Milk	But Crop Prod. & Utilization; Turkey Production	Wholesale Grocers' Stores of App. & Condensed Milk	Saturday	Sending of Wheat Short and Rye 1954		21
22		Sunday	Sunday	Commercial Vene- tables for Processing	Saturday	Spring Pig Crop; Crisco Clear Seed	Commercial Vene- tables for Processing	Saturday		Sunday	Yell Pig Crop		22
23	Food Grain Stocks; Feed Grain Stocks; Peanut Stocks and Processing; Turkey Production	Holiday Washington's Birthday	Hope Stocks	Commercial Vene- tables for Processing	Saturday	Commercial Vene- tables for Processing		Sunday	Hope Stocks	Food Grain Stocks; Feed Grain Stocks; Peanut Stocks and Processing		Peanut Stocks and Processing	23
24	Saturday	Peanut Stocks and Processing	Peanut Stocks and Processing	Food Grain Stocks; Feed Grain Stocks; Peanut Stocks and Processing; Liquid and Dried Eggs; Canned Poultry	Sunday	Peanut Stock and Processing	Food Grain Stocks; Feed Grain Stocks; Peanut Stocks and Processing; Liquid and Dried Eggs; Canned Poultry	Peanut Stocks and Processing	Peanut Stocks and Processing	Saturday	Peanut Stocks and Processing	Liquid and Dried Eggs; Canned Poultry	24
25	Sunday	Liquid and Dried Eggs; Canned Poultry	Liquid and Dried Eggs; Canned Poultry	Saturday	Peanut Stocks and Processing; Liquid and Dried Eggs; Canned Poultry	Liquid and Dried Eggs; Canned Poultry	Saturday	Liquid and Dried Eggs; Canned Poultry	Liquid and Dried Eggs; Canned Poultry	Sunday	Liquid and Dried Eggs; Canned Poultry	Holiday Christmas Day	25
26	Liquid and Dried Eggs; Canned Poultry; Balloons Fed to Milk Cows	Food Production & Income	Sunday		Lamb Seed; Wheat Cover Crop Seeds	Sunday	Wheat Cover Seed; Timothy Seed		Saturday	Liquid and Dried Eggs; Canned Poultry	Holiday Thanksgiving Day	Saturday	26
27	Production & Sales of Honey	Prices; Slaughter; Bastard of Monthly App. Production; App., Condensed & Dried Milk	Food Production and Income from Turkeys			Saturday			Sunday			Sunday	27
28		Saturday	Saturday			Sunday		Prices; Lamb Cover Seed; White Clover Seed			Saturday		28
29	Soybeans and Flex- seed Stocks		Sunday	Prices; Soybeans and flex- seed Stocks; Farm Prod. & Income from Meat Animals	Prices; Slaughter; App., Condensed & Dried Milk	Soybeans and Flex- seed Stocks	Saturday		Soybeans and Flex- seed Stocks	Sunday			29
30	Prices; Slaughter; App., Condensed & Dried Milk			Slaughter; App., Condensed & Dried Milk	Saturday Memorial Day	Lamb Crop		Sunday	Prices; Slaughter; App., Condensed & Dried Milk	Prices; Slaughter; App., Condensed & Dried Milk	Prices; Slaughter; App., Condensed & Dried Milk	Prices	30
31	Saturday	Prices; Slaughter; App., Condensed & Dried Milk			Sunday		Prices; Slaughter; Chicken Slaughter; App., Condensed & Dried Milk	Slaughter; App., Condensed & Dried Milk	Saturday			Certified Lead Potatoes; Slaughter; App., Condensed & Dried Milk	31

Previously listed as General Crop Report.



Lock-up Reports

3. Because of the increase in runner type peanuts in the Southeast, estimating procedures have had to be altered and adapted in order to follow the upward trend in yield per acre of this type of peanuts. Special trend charts have been prepared, and State inspection data are used to check upon the level of production for the 3 main producing areas--the Virginia-Carolina, the Southeast, and the Southwest.

4. A revision of the commercial vegetable estimates was completed for the period 1939-51. This involved a larger definition of coverage for these estimates, to include local market supplies produced in areas adjacent to large cities and towns and the incorporation of the production of new areas and States for 27 vegetables and also for 2 added crops--broccoli in 10 States and brussels sprouts in 2 States.

5. One of the major problem areas in livestock estimates deals with the trends in the number of farms and farms keeping the different species of livestock. Between census years, information is lacking on yearly changes in farms. As a step toward solving this problem, questions on the number of farms keeping livestock and poultry were added to the September Acreage Survey by Rural Mail Carriers on a test basis in several States, which will provide information on yearly changes in the percentage of all farms keeping different species of livestock.

6. A study was made on the adequacy of the present methods used in making estimates of farm slaughter of hogs in face of the marked changes that have taken place in the use of locker plant facilities and home freezers. The Institute of Statistics at the University of North Carolina carried out this project, using an area interview survey on a pilot basis to obtain detailed information on acquisition and disposition of hogs, where, when, and by whom hogs were butchered, use of freezer facilities, etc.

7. An intensive study of the seasonal trend in laying flocks is being undertaken to determine the monthly pattern of size limits for farm flocks. Monthly reports from general crop reporters are being tabulated in 20 States. The seasonal changes shown by these flocks will provide the basis for revising size flock limits in current and future monthly samples of laying flocks.

8. A new statistical series on poultry meat production on a ready-to-cook basis was developed and published for the first time in 1953. The background data begins with 1934 and the current estimate of poultry meat is shown monthly along with estimates for the red meats. The series was developed from existing data on monthly marketings of chickens and turkeys.

9. Information on the average protein content of commercial mixed feeds used in milk cow rations was published for the first time in 1952 and in greater detail in 1953. The results of the surveys indicated that mixed feeds fell chiefly in the 14, 16, 18, 24, and 32 percent groups. There were sharp State and regional differences in the proportion depending on local practices and on whether the commercial mixed feed was used as the principal milk cow ration or as a supplement to home grown grains. These facts provide a basis for gauging the response of milk production to various levels of feeding; are useful in evaluating and integrating the needs for available supplies, and in the utilization of various feedstuffs; and aid in attaining a sound level of animal nutrition at a minimum cost.
10. The collection of adequate statistics on an expansion in the frozen dairy products industry through the operations of roadside stands, counter freezers, etc., continues to be a major problem. Another new problem of growing significance is the substitution of vegetable fats and other edible oils for butterfat in ice cream and other frozen dairy products. The first report on "Production of Mellorine-Type Frozen Desserts 1952", published in mid-1953 showed substantial and rapidly increasing amounts of the product made in the 4 States where then permitted by law. Liberalization of laws in numerous other States to permit manufacture of frozen products with substitute fats since that time points up an increasing problem in supplying the industry with needed statistics.
11. In line with directives from the Bureau of the Budget, work has been nearly completed for publishing the Parity Index on a 1947-49 base in addition to index on the 1910-14 base prescribed by law. The Prices Received Index is being revised so as to incorporate the most recent price series revisions and adjusted weights reflecting the latest information available for the 1937-41 period.
12. Experimental work was begun in New York to develop improved methods for estimating apple prices. Because of the wide differences in methods of marketing apples, improved price estimates can be made only if more detailed basic data can be collected. This work has tested methods for collecting the needed data; in sufficient detail, from producers and from handlers. Results to date indicate that for a limited increase in cost a substantial increase can be made in accuracy and serviceability of these estimates.
13. As a part of the program for continually improving the basic price data utilized in constructing the Parity Index, an investigation of types of building materials sold to farmers was conducted in 9 States during 1953 as a guide to revision and modernization of the prices paid questionnaires on this subject. These investigations have helped materially in the development of an

improved questionnaire for collecting information on prices paid by farmers for building materials. Collection of these data is complicated by reason of the complexity of species, grades, and kinds of lumber and other material sold to farmers, by the lack of uniformity in local grading practices, and by the vast regional variations in species of lumber used.

14. In the Pacific Northwest wheat area, reliable estimates for the quarterly analysis of Northwestern wheat supply and distribution have been developed. More accurate estimates of uses of wheat in the mixed feed industry and the recording of adequate data on carlot outshipments have been helpful to the industry. Improvements have been made in developing inshipment and in preparing a wheat balance sheet on a quarterly basis.

15. Acute interest is continuing on trends in cattle numbers and beef production, especially developments in cattle feeding. Thus, producers and the livestock industry have been following closely the facts revealed by the Department's special reports of cattle on feed for selected States, showing inventories, volume of feeding and marketing, and intentions to market in the immediate months ahead. A consolidated three-State report is now issued each quarter, and quarterly reports were started for California in January 1953. Trade magazines and livestock service reports use the data to forecast probable trends and future developments in the feeding and beef business.

16. Further expansion has taken place in weekly reports on broilers. A reporting service was undertaken in California in January 1953. Coverage in Connecticut was expanded. The weekly reports now cover broiler areas in 15 States.

MARKETING SERVICES

The activities under this subappropriation contribute to the efficient and orderly marketing of the products of American agriculture and aid farmers in obtaining the maximum return for their production. These activities are divided into five functional categories. Examples of accomplishment, by project, during 1953 are as follows:

I. Market News Service

Current Activities:

This service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste resulting from local surpluses by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at year-round and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by personal contact, mail, press, radio,

television, telephone, telegraph, bulletin boards, and trade and farm publications. More than 1,000 daily newspapers having an average circulation of 37,000,000--approximately 70 percent of the 53 million circulation of all daily newspapers--carry news based on Federal market reports. A total of 1,475 radio stations broadcast news regularly, while approximately 40 television stations carry market news reports.

Selected Examples of Recent Progress:

A. Activity by Commodity Group, Fiscal Year 1953

Commodity Group	Number of Field Offices	Number of buyers and sellers inter-viewed	Number of radio stations broadcast- ing reports	Number of television stations broadcast- ing reports	Mimeographed Releases to Growers, Shippers, and others	Number on Mailing List
Cotton and Cottonseed:						
Year-round...	34					
Seasonal ...	2					
Total Cotton and Cottonseed	36	15,474	807	1	1,977,807	60,240
Dairy and poultry products...	31	1,450	950	8	11,983,000	55,000
Fruits and Vegetables:						
Year-round...	25					
Seasonal ...	29					
Total Fruits & Vegetables...	54	3,600	600	6	10,603,000	62,234
Grain, Feeds and related products	6	1,357	600	10	2,010,999	64,744
Livestock, meats and wool	37	3,500	1,175	5	4,773,897	25,926
Molasses and sugarcane sirups	None	75 1/	2/	None	136,500	2,500 3/
Naval Stores ...	1	55	12	None	147,000	506
Tobacco:						
Year-round...	2					
Seasonal	9					
Total Tobacco	11	1,000 4/	79	None	1,147,112	4,000

Next page for footnotes.

Footnotes:

- 1/ Includes number of wires received and contacts by telephone weekly.
- 2/ Several radio stations are on mailing lists to receive report but exact information on radio coverage is not available.
- 3/ Entire market report is carried by several trade journals and from time to time in special trade releases.
- 4/ Reflects only quarterly stocks reports. Information for other market news reports obtained from summarizing data on sales tickets attached to lots of tobacco at auction markets.

B. Additions, Changes and Specific Improvements in Service During 1953

1. Special fruit and vegetable service was provided:
 - (a) on potatoes at Philadelphia for the benefit of Pennsylvania growers and shippers with additional cost borne principally by the State;
 - (b) on imported olive oil at New York City for the benefit of California producers;
 - (c) on volume of strawberries purchased by canners and freezers for processing in Oregon and Washington;
 - (d) on cranberries at Boston for the Cape Cod area.
2. Louisiana strawberry service was operated during 1953 by State Markets Commission Office at Baton Rouge effecting economies in Federal expenditures since this information was previously issued from Hammond at Federal expense.
3. Improved reporting on eggs and poultry and dairy products, as follows:
 - (a) FOB prices at Chicago;
 - (b) Adopted official grade terminology at Denver;
 - (c) Reported prices at Los Angeles on a new level of trading as per industry request;
 - (d) Arrangements made with press association for wide dissemination of market news in New England over press association wires;
 - (e) Assembled information regarding prices of foreign types of cheese;
 - (f) Exclusive use of USDA market news at Philadelphia by leading newspapers;
 - (g) Reporting of prices of ready-to-cook poultry and turkeys extended to additional field offices.
4. Added to the Atlanta Weekly Cotton Market Review and Farmer's Weekly Cotton Price Report cotton quotations in the Charlotte, North Carolina market on a year-round basis.

5. Furnished information from Memphis on cotton prices to AP and local radio and television stations and cooperated in developing the first television show covering service to cotton producers under the Smith-Dooley Act.

6. Initiated a weekly Cottonseed Review at Phoenix, Arizona during the active harvest season carrying both cottonseed market news and cottonseed quality information.

7. Revised cotton reports showing prices of cotton cloth and raw cotton and mill margins for 17 constructions of unfinished cloth to bring the mill margin series up to date with respect to constructions of gray cloth, qualities of cotton used in construction and to change the price base used for raw cotton in determining the margin.

8. "Grain Market News and Statistical Report" inaugurated January 9, 1953 is a compilation of data on various commodities and has replaced the following reports: "Soybean Inspection", and "Soybean Market Summary".

9. Initiated a monthly report showing, by county of destination, the amount of each grain trucked into the State of California entitled "Inbound Truck Passings of Grain Through California Border Stations, by County Destination". Report issued from Sacramento and Los Angeles.

10. The "Commercial Feed Report" issued until June 30, 1953 under RMA project in Arkansas is to be continued as a State report. The State of Alabama initiated a similar report in April 1953. It plans to continue as a regular report of the State of Alabama.

11. A daily rice review was issued from Austin, Texas during the harvesting and heavy marketing season. A weekly rice review was issued during the entire year.

12. The "Weekly Alfalfa Hay Report" inaugurated under RMA at Sacramento and Los Angeles is to be continued as a regular market news program.

13. With the lifting of OPS controls on meat February 6, 1953, meat reporting at New York, Philadelphia, Chicago, Los Angeles and Portland, Oregon was resumed.

14. The report on molasses and sugarcane sirups was expanded to include prices received by Puerto Rican producers for sales to local P.R. distributors, direct sales to U.S. buyers and sales for export to other than U.S.

15. Weekly Naval Stores report was reorganized to show weighted average price of daily sales on a consumer level rather than "first" sales to all classes of buyers.

16. Further revised weekly Naval Stores Report to include prices on rosin in bags and tank cars, in addition to prices of rosin in drums.

17. Tobacco reporting service at Statesboro, Ga., reestablished.

18. Discontinued services as follows:

(a) Weekly report from Chicago of poultry and egg receipts at assembly points in 17 midwestern States

(b) Milk receipts at New York City

(c) All weekly egg and poultry market reviews

(d) "Southern Rice Stocks and Movement" monthly report discontinued because Rice Millers' Association discontinued furnishing data for Association mills.

(e) Discontinued issuance of mimeographed dairy and poultry market reports at Cleveland.

C. Federal-State Cooperation

1. Cooperative Financing

During 1953 the service at each location was analyzed, by commodity group, to determine the category applicable to each. Upon completion of this analysis the estimated annual cost of each service was computed as between State and Federal shares on the basis of the category of service rendered. Before the close of the year contact had been made, either in person or through correspondence, with 7 of the States where adjustment in State and local contributions was indicated. Early in fiscal year 1954 agreement was reached with the States of Oklahoma and Texas with regard to livestock reporting in Tulsa and Houston. These services, heretofore Federally financed, will be financed almost completely by the States beginning July 1, 1954. Thereafter, the Federal government will furnish the leased wire service at Tulsa and a token amount of funds at Houston. The agreement with the State of Georgia was amended providing that the poultry and egg service at Atlanta be cooperatively financed. During the first half of fiscal year 1954, new services have been initiated on a cooperative basis as follows:

<u>Commodity</u>	<u>Location of Service</u>
Broilers	Austin, Texas
Broilers	Lafayette, Indiana
Hay	Los Angeles, Calif.
Dairy and poultry products	Fresno, Calif.
Livestock	Sioux Falls, So. Dakota
All commodities	Columbia, So. Carolina

Negotiations are under way with the State of Texas for a cooperative service on livestock at Amarillo. Discussions with States will continue until a mutually satisfactory financing arrangement has been achieved in all States.

2. Federal-State Cooperative Agreements in Effect
Fiscal Year 1953, by Commodity Group

Dairy and Poultry Products	Fruits and Vegetables	Grain and Feed Products	Livestock, Meats and Wool	Tobacco
Alabama	Alabama	Alabama	Alabama	--
--	Arizona	--	--	--
Arkansas	Arkansas	Arkansas	--	--
California	California	California	California	--
--	Colorado	--	--	--
Connecticut	Connecticut	--	--	--
Delaware	--	--	--	--
--	Florida	--	Florida	--
Georgia	Georgia	--	Georgia	--
--	Idaho	--	--	--
Iowa	--	Iowa	Iowa	--
Kentucky	Kentucky	Kentucky	--	Kentucky
Louisiana	Louisiana	Louisiana	Louisiana	--
--	Maine	--	--	--
Maryland	Maryland	Maryland	Maryland	Maryland
Michigan	Michigan	--	--	--
--	Minnesota	--	--	--
Mississippi	Mississippi	Mississippi	--	--
--	New Jersey	--	--	--
New York	New York	--	--	--
North Carolina	No. Carolina	No. Carolina	--	No. Carolina
Ohio	Ohio	--	--	--
--	Oklahoma	--	Oklahoma	--
Oregon	Oregon	Oregon	Oregon	--
Pennsylvania	Pennsylvania	--	--	--
--	So. Carolina	--	--	--
Tennessee	Tennessee	Tennessee	Tennessee	Tennessee
Texas	Texas	Texas	Texas	--
Utah	Utah	Utah	Utah	--
Virginia	Virginia	Virginia	--	Virginia
Washington	Washington	--	--	--
West Virginia	W. Virginia	--	--	W. Virginia
Wisconsin	--	--	--	--
Total,	:	:	:	:
States	24	30	14	12
--	Hawaii	:	:	:
Total Agree-	:	:	:	:
ments	24	31	14	12

D. Federal Cost of Service

Total Cost of Service	2,862,887
Less Reimbursements	<u>107,146 *</u>
Paid from appropriation and net cost to taxpayer	<u>2,755,751</u>
Percent of total cost charged to taxpayer	96.3
Percent of total cost covered by revenue	3.7

* Includes amounts of reimbursements in accordance with cooperative agreements. Does not include amounts expended directly by States in accordance with agreements. In addition, a number of States provide services with State funds alone.

II. Inspection, Grading and Classing, and Standardization

Current Activities:

These activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing United States standards of quality for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most efficiently be applied; (3) providing an impartial inspection, grading, and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance, and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts and photographs, plaster models, preparation and loan or sale of copies of standards, etc.; (5) assistance to wholesalers and retailers for improving distribution methods and practices in the handling of foods; and (6) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official United States standards for cotton, cotton linters, and grain sold in interstate commerce, and for tobacco sold at designated auction markets.

Selected Examples of Recent Progress:

A. Standardization and Related Activities

U. S. standards provide a common language to describe quality of products being bought and sold. They must be revised and kept up-to-date as significant changes occur in production, merchandising practices, and uses of the products. Visual aids are an important part of this work to assure as much uniformity as possible in the application of the standards.

1. The Volume of Standardization and Demonstration Activities in 1953 by Commodity Group is reflected in Table I.

2. Examples of Specific Standardization Activities

a. Revised official standards for the grade of American Upland cotton were promulgated August 12, 1952 to become effective August 15, 1953. The descriptive standards for extra white cotton and the standards for the Middling Fair and Strict Good Middling white grades were eliminated in the revision. The new standards, whiter in color and less artificial in appearance, are more like natural raw cotton than the expiring ones.

b. At the 10th Universal Cotton Standards Conference held in Washington in May 1953, 1,169 key boxes of the revised standards were examined and approved for use during the next three years. The Conference was attended by about 25 delegates and observers from trade organizations in foreign cotton-consuming countries and 60 representatives from organizations in the United States, comprising the principal producing, merchandising and consuming phases of the industry. The Department has announced its intention to carry out the two recommendations made at the Conference--change the standard for Good Middling (white) from descriptive to physical form and make a field trial of the proposed physical form standards for spotted cotton.

c. The cottonseed grading system was amended to provide for the inclusion of linters, on an optional basis, as a factor in the grading of cottonseed.

d. A new color diagram for use with the automatic colorimeter was developed on the basis of data from surveys of recent cotton crops and to conform to the recent revision of the grade standards.

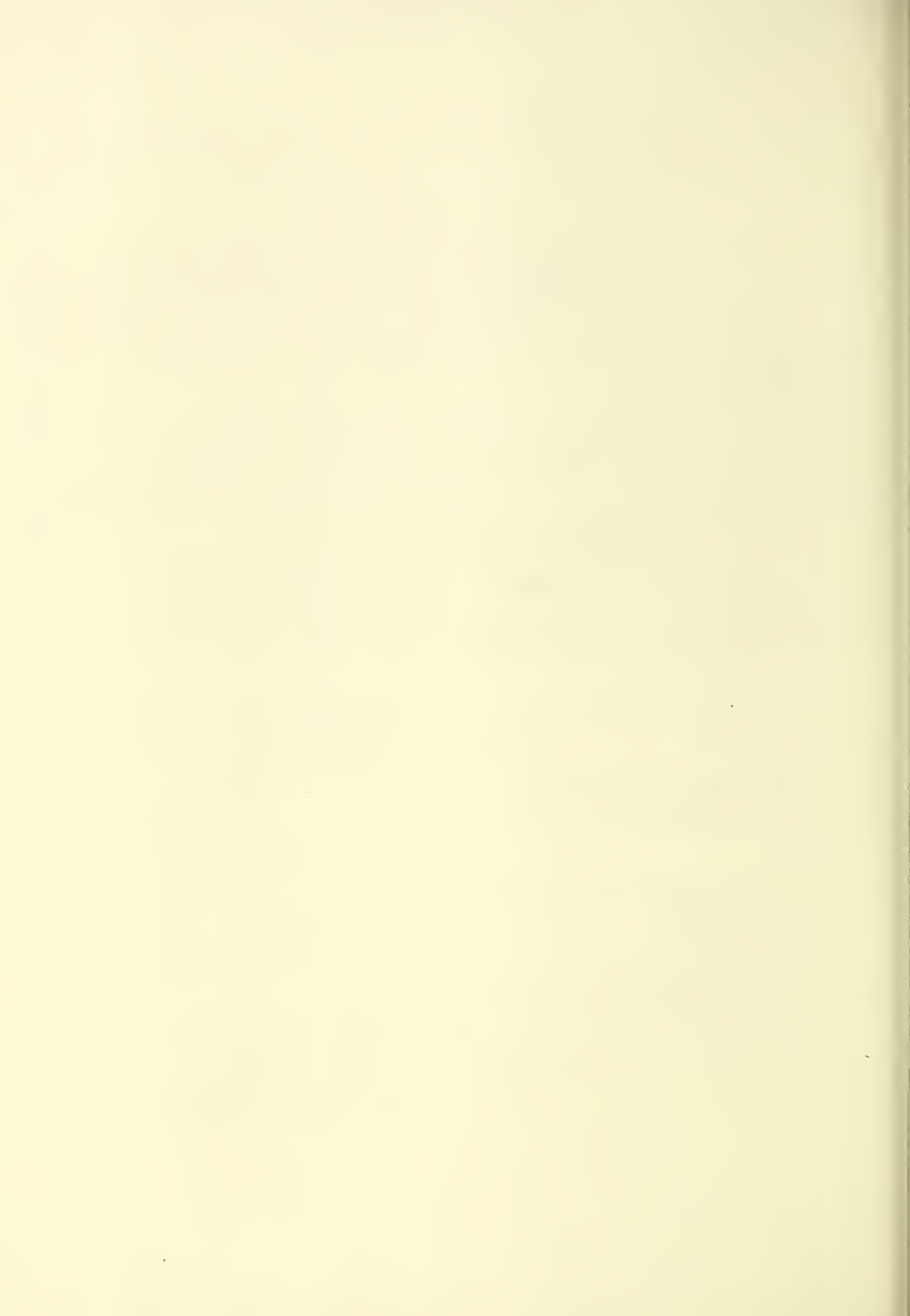
e. Rapid changes--cultural and marketing practices--created an almost unprecedented demand during the past year for service in the field of standardization of fresh fruits and vegetables, tree nuts and miscellaneous products.

f. As a result of continued studies on the relationship between electrical properties and moisture content in various grains, 4 revised calibration tables were issued, effective July 1, 1953 for use, respectively, in determining the moisture content in barley (class I), Western barley (class II), oats and rye.

TABLE I

Volume of Standardization and Demonstration Activities, by Commodity Group, Fiscal Year 1953

Types of Activity	Cotton and Cottonseed	Dairy and Poultry Products	Fruits and Vegetables	Grain, Hay, Feed, Seed, etc.	Livestock, Meats and Wool	Molasses and Sugarcane Sirups	Tobacco and Naval Stores
Standardization Activities:							
Grade standards in effect June 30, 1953	121	15	140	20	12	3	2,649
Number of commodities covered	3	10	73	20	17	3	27
New standards issued in fiscal year 1953	---	1	7	---	---	1	155
Standards revised in fiscal year 1953	24	1	25	3	3	---	735
New standards in process June 30, 1953	---	5	7	1	2	1	---
Standards being revised as of June 30, 1953:	5	2	14	---	2	1	---
Requests pending for new standards	---	8	11	---	5	1	300
Requests pending for revision of standards ..	---	1	3	---	---	1	69
Demonstration Activities:							
Farm demonstrations: Number	---	---	---	---	---	---	1,084
..... Attendance	---	---	---	---	---	---	25,332
Farmer meetings: Number	225	---	---	42	---	---	208
..... Attendance	9,541	---	---	2,100	---	---	2,162
Farm visits	7,148	---	---	---	---	10	185
School demonstrations: Number	138	3	25	38	20	---	2,046
..... Attendance	4,432	190	650	1,612	2,000	---	36,149
Short courses at Agricultural Colleges: Number	14	---	6	---	---	---	5
..... Attendance	402	---	205	---	---	---	---
Other demonstrations: Number	673	20	397	---	89	21	---
..... Attendance	289,657	15,000	34,206	---	7,500	45	---
Distributed--							
Copies of standards	13,492	33,168	189,868	4,850	14,000	1,000	1,650
Farmer bulletins, etc.	19,443	21,347	873	4,000	29,775	3,600	70,500
Grading and training schools:.. Attendance	---	16,035	3,506	---	---	---	---
Packing houses, processing plants visited and industry members interviewed	---	---	672	---	---	165	---
Television and radio programs	---	81	---	---	---	---	---
Visual Aids:							
Prepared--							
Plaster models	---	1	676	---	---	---	---
Black and white photographs	---	100	1,538	---	---	---	---
Slides	---	4,875	---	---	---	---	---
Other	---	---	412	---	---	---	---
Distributed:							
Plaster models	---	---	511	---	40	---	---
Color photographs, charts and guides	---	185,495	---	---	6,027	---	---
Black and white photographs	---	75	1,233	---	---	---	---
Slides and film strips	80	3,120	---	---	142	---	---
Type samples and physical forms	---	---	---	3,461	107	---	---
Sets of standards loaned	---	---	---	---	---	---	73
Exhibits and other displays	47	3	---	---	---	---	---
Television films	1	---	---	---	---	---	---
Other	---	---	312	---	---	---	---



g. Nine Federal specifications for meat and meat products were prepared, coordinated with other Government agencies and made ready for issuance. Seven other specifications are now in process.

h. Visual color comparators of molasses, sugarcane sirup and refiners' sirup were developed. They permit direct comparison of sirup samples to a series of 3 color standard solutions by visual inspection of the light transmitted.

i. As a result of interest evidenced among the various segments of the industrial molasses trade, the necessary background data are being assembled and standards development work on industrial molasses will probably begin in 1954.

j. Currently, the official rosin standards are based on color and clarity which determine grade and suitability for various uses. Increasing competition from substitute materials and the continuing search for new uses have created a need for developing additional tests and specifications for physical and chemical properties of rosin. Much work is being done in the field in collaboration with the American Society for Testing Materials. There has been prepared and recommended for acceptance by the Society (1) a set of specifications for American gum rosin, wood rosin and tall oil rosin, (2) uniform specifications for dipentene and pine oil, and (3) improved tests for evaluating rosin oil.

k. A complete review was made of the research work showing the effect of feeds and other factors on the flavor of milk. Such information is necessary in the determination and recognition of flavor quality factors to be used in product quality standards.

1. A proposal to amend the standards for all grades of Wool top was announced in the Federal Register on July 23, 1953. A period of 120 days was allowed for filing objections to the proposed changes.

3. Training Program for Wholesalers and Retailers in Methods of Handling and Merchandising Fresh Fruits and Vegetables and Poultry Products.

This program, initiated in 1947 as a marketing research project, has been conducted in 40 States, the District of Columbia and Hawaii. Classes have been held in the largest cities of the country as well as in the smallest cities and towns in rural areas where retailers have traveled as much as 200 miles to attend. As of June 30, 1953 a total of about 46,000 retailers and employees of retailers have attended training classes, approximately 4,000 during fiscal year 1953. A total of almost 8,000 classes have been held since 1947, over 700 of them in 1953.

The fruit and vegetable training work is done under contract with the United Fresh Fruit and Vegetable Association, while the poultry work is carried on under contract with the Poultry and Egg National Board.

This program has proved to be the key to an effective retailer program for fresh fruits and vegetables and poultry products. Merchandising studies to evaluate the effectiveness of the program disclose that sales of fruits and vegetables have been increased as much as 50 percent and waste and spoilage losses reduced by one-third. In the case of poultry products, the volume of poultry and egg sales in stores practicing retail methods taught under this program showed an increase of 15 percent in the sale of chicken, 119 percent in the sale of turkey, and 6 percent in the sale of eggs. The sales volume for stores that did not adopt these practices showed an increase of 1 percent in chicken sales, 84 percent decrease in turkey sales, and 2 percent increase in egg sales.

B. Examples of Recent Developments in Inspection, Grading and Classing Activities in Specific Commodity Fields.

1. Permissive Inspection Services

a. Inspections and Gradings, by Commodity Group, Fiscal Years 1951-1953

Commodity Group	Unit	1951	1952	1953 (Partially Estimated)
<u>Fresh fruits & vegetables:</u>	<u>Car or:</u>			
At receiving markets ...	carlot:	93,153:	105,991:	107,615
At shipping points	equiva-	1,249,061:	1,156,216:	1,160,755
Total carlots	lent :	1,342,214:	1,262,207:	1,268,370
<u>Processed fruits and</u>	:	:	:	:
<u>vegetables:</u>	:	:	:	:
Canned products	Cases :	118,412,127:	110,850,694:	103,757,325
Frozen, dried & miscl. ...	lbs. :	1,108,308,818:	1,563,765,426:	1,787,108,369
Marine products, canned:	Cases :	1,061,247:	671,074:	189,321
<u>Dairy products:</u>	:	:	:	:
Butter, cheese, dry skim	:	:	:	:
milk & miscl. products:	lbs. :	1,518,972,305:	705,003,632:	1,545,038,105
Evaporated milk	Cases :	1,038,223:	1,354,652:	199,042
<u>Poultry products:</u>	:	:	:	:
Shell eggs	Cases :	14,831,642:	15,200,013:	15,401,270
Processed eggs	lbs. :	648,632,982:	307,369,130:	258,304,791
Poultry	lbs. :	1,057,547,295:	1,335,798,452:	1,468,662,688
Poultry processed under :	:	:	:	:
USDA sanitary standards	lbs. :	*	1,260,763,905:	1,302,852,688

* Service initiated 7-1-51

Commodity Group	Unit	1951	1952	1953 (Partially Estimated)
<u>Misc. Grain Products:</u>				
Rice, beans, peas	100 ⁰⁰ bags:	33,256,594:	36,695,994:	32,666,000
Hay	Tons :	59,235:	64,837:	73,662
Hops	Bales:	275,853:	254,045:	220,190
Seed verification and reverification	lbs. :	62,082,000:	79,730,142:	82,035,000
Misc. commodities, certificates issued. :	:	9,465:	8,986:	11,912
<u>Meat and meat products:</u>				
Beef	lbs. :	3,198,081,000:	8,346,859,000:	7,996,981,000
Veal and calf	lbs. :	163,907,000:	976,298,000:	783,055,000
Lamb and mutton	lbs. :	152,059,000:	571,553,000:	387,971,000
Miscellaneous	lbs. :	185,195,000:	139,685,000:	170,242,000
Total meat and meat products	:	3,699,242,000:	10,034,395,000:	9,338,249,000
Wool - samples tested...	:	24:	---	---
Cottonseed-samples analyzed	:	88,623:	125,109:	148,058
Cotton fiber-tests made	:	40,663:	54,477:	36,577
<u>Neval Stores:</u>				
Rosin-total drum equivalent	:	570,643:	612,444:	551,416
Turpentine-total gallon equivalent	:	8,981,055:	8,877,300:	6,987,300

b. The units of dairy products graded during 1953 reflected an increase of over 100 percent due mainly to the large volume of butter, cheddar cheese and nonfat dry milk solids offered under the price support program. One significant development during the year was the additional service provided several firms in the grading and grade labeling of nonfat dry milk solids packed in consumer type packages.

c. Nearly 2,000 samples of rough rice, representing over 9 million bags, were inspected for milling yield in California. The milling data shown in certificates thus issued was used as a basis for the sale of this rice by growers to millers.

d. (1) Mandatory meat grading which was required under the CPS program ended in February 1953. However, the return to permissive grading has been accompanied by an increased demand for graded meat. The volume of meat Federally graded has increased almost 100 percent from the volume graded immediately prior to the beginning of compulsory grading in May 1951.

(2) Meat grading in non-Federally inspected plants is limited to those meeting minimum inspection requirements. The lifting of the requirement for compulsory grading by OPS brought a large volume of requests from non-Federally inspected plants for certification of their plant inspection. Within a short period, 160 non-Federally inspected establishments were surveyed and those found in compliance with minimum inspection regulations were permitted to retain the grading service. In July 1953, there were 349 non-Federally inspected establishments approved to use the Federal grading service.

(3) During 1953, a new stamp for identifying meat grade was put into use. The new stamp is a shield enclosing the letters "USDA" and the grade name and is applied in a ribbon form on all carcasses or cuts graded and has been officially registered by the U.S. Patent Office.

e. The principal change in the poultry products field was the increase in activity with respect to operations in poultry dressing plants under sanitary requirements--a program initiated July 1, 1951--and in poultry inspected for condition and wholesomeness. Increases in these activities are expected to continue to take place with the trend toward larger marketing of ready-to-cook poultry.

f. During 1953 inspection service was available for the first time on edible molasses, sugarcane sirup, and refiners' sirup.

g. (1) The Naval Stores inspection service was re-organized in November 1952 when 4 inspection regions were established in the producing territory. To each was assigned a supervising inspector who is responsible for carrying on inspection operations in his area including checking and reviewing the work of licensed inspectors at the 30 accredited processing plants.

(2) To effect economics and simplification, the 3 naval stores inspection cooperative agreements, covering different phases of the inspection program, were consolidated into a single new agreement.

2. Mandatory Inspection Services

a. Cotton

Cotton Classifications by Federal Employees and
Licensed Classers (Federally supervised)
for Fiscal Years 1950 - 1953

	Number of Classifications Made			
	1950	1951	1952	1953
<u>Cotton</u>				
<u>Classifications by Federal Employees:</u>				
Grade and staple Statistics Act	215,155	298,755	379,672	354,100
Smith-Doxey Amendment...	10,355,955	5,215,406	9,843,643	9,382,240
Cotton Standards Act:				
Public Classing Service:	1,405,737	666,775	338,073	352,341
Internal Security Agency (Reimb.)	620,011	405,222	139,377	144,907
Federal Penitentiary (Reimb.)	25,586	23,636	19,292	26,019
C.C.C. loans (Reimb.)...	*	*	*	216,459
Other	45,787	32,738	31,426	34,247
Cotton Futures Act.....	464,398	191,182	433,297	650,668
Subtotal	13,132,629	6,833,714	11,184,780	11,160,981
<u>Classifications by Licensed Classers (supervised by Federal Classers):</u>				
Cotton Standards Act.....	2,645,684	1,721,961	1,392,134	1,116,931
(includes bale classifications and samples classed in sorting cotton into lots by grades and staple)				
<u>Total Cotton Classifications</u>	<u>15,778,313</u>	<u>8,555,675</u>	<u>12,576,914</u>	<u>12,277,912</u>
<u>Cotton Linters</u>				
<u>Classifications by:</u>				
Federal employees	1,500	6,839	10,712	9,788
Licensed classers	213,000	170,206	95,000	950,000
<u>Total Cotton Linters Classifications</u>	<u>214,500</u>	<u>177,045</u>	<u>105,712</u>	<u>959,788</u>

* Cotton offered for loan has been classed for CCC but was not reflected as reimbursement to Marketing Services until 1953.

Federal employees classed a total of 11,160,981 samples of cotton in 1953 of which 9,382,240 samples--about 63 percent of the total United States ginnings--were classed for 515,711 farmer members of cotton improvement groups organized under the Smith-Doxey Act. This is expected to increase by 2 to 2-1/2 million bales in 1954 with most of the increase in Smith-Doxey classing.

Although cotton fibre and spinning tests for cotton breeders and merchants remained at about the same level as in 1952, there was a substantial reduction in the number of tests performed for special research agencies in 1953.

b. U. S. Grain Standards Act

1. Inspection of grain by licensed inspectors exceeded two million for the eighth consecutive year. Continued heavy export and intermarket movements of large grain crops of generally good quality again accounted for the inspection of over 4 billion bushels of grain.

2. Total appeals from licensed inspectors' grades declined to 86,116 due in part to the improved, generally good quality of the grain crops in comparison with the previous year. Exporters called appeals on many cargoes of soybeans because of dissatisfaction with the quality of soybeans received in Europe and Japan. Further, since foreign buyers could not obtain certification of the State of origin, additional appeals were called on soybeans at interior points. The appeal certificates reflected the origin of the shipment and served as a general indication of the area of production.

3. Three inspectors' licenses were suspended by the Secretary pending investigations. After thorough investigations had been made and corrective action taken, one license was restored, one cancelled and the third still suspended pursuant to charges of improper grading of grain. Changes in inspection organization and methods which contributed to improper inspection performance were made to prevent any further recurrence of such misgrading.

4. What appeared to be an increase in uneven loading of grain as to quality in cars and ships added greatly to inspection difficulties at many markets. A total of 771 corrective action reports covering misgrades of lines of grain or single lots were initiated largely on the basis of intermarket records which make appeal and supervision information secured in one market more useful in correcting inspection tendencies in another. The mechanical factors such as dockage and foreign material in all grains required closest supervision attention and frequent corrective actions largely because of poor samples drawn by inexperienced employees.

There were several instances involving the operations of terminal elevators where grain was loaded in railroad cars with screenings of low grade grain under grain of a relatively higher grade in such a manner that representative samples could not be obtained.

Hearings have been held in these cases since they are subject to the provisions of Section 5 of the Act. Findings have been published in two cases.

5. Volume of Inspection and Appeal Activities
Under Grain Standards Act, Fiscal Years 1941 and 1950-1953.

Activity	1941	1950	1951	1952	1953
Licensed inspectors,					
June 30	414:	485:	494:	508:	526
Inspection points,					
June 30	178:	239:	246:	252:	250
Established	134:	146:	150:	154:	157
Designated	44:	93:	96:	98:	101
Inspections by					
licensees	1,268,121:	2,120,050:	2,440,607:	2,465,895:	2,241,892
Supervised inspections,					
total	191,521:	201,738:	189,195:	198,232:	204,222
Appeal	56,900:	73,743:	79,053:	99,599:	86,116
Other	134,621:	127,995:	110,142:	98,633:	118,106
Percent, supervised					
inspections	15.1 :	9.5 :	7.8 :	8.0 :	9.1
Percent of appeals on					
which original grade					
changed	32.5 :	34.0 :	37.0 :	32.0 :	31.0
Appeals carried to					
Appeal Boards	638:	1,098:	910:	1,444:	839
Percent of Board Appeals:					
on which supervisors'					
grades changed	21.0 :	19.0 :	16.0 :	18.0 :	14.3
Quantity of grain					
produced, crop year					
(1,000 bushels)	5,456,682:	6,272,560:	6,835,246:	6,510,613:	6,515,380
Quantity of grain					
inspected (1,000 bu.)	1,944,430:	4,036,356:	4,650,822:	4,811,939:	4,284,334
Total certificates					
issued	1,325,667:	2,194,891:	2,520,540:	2,566,938:	2,328,832

c. Tobacco

1. Inspection service was maintained in all of the 170 established auction markets--the same number covered in 1952. The slight decrease in the total pounds of tobacco inspected and graded at auction markets was more than offset by the quantity graded on a reimbursable basis for cooperative marketing associations.

2. Volume of Tobacco Inspected by Class
Fiscal Year 1953

Class of Tobacco	Auction :		Pounds Sold	Pounds Inspected	Percent Inspected
	Markets Designated and Inspected :	Sets of Buyers :			
Auction Markets:					
Blue-cured...	88	141	1,505,590,215	1,505,590,215	100
Fire-cured...	10	13	56,889,151	56,889,151	100
Dark air-cured.....	10	6	34,051,749	34,051,749	100
Burley.....	58	65	681,903,133	681,903,133	100
Maryland.....	4	5	44,486,460	44,486,460	100
Total.....	170	230	2,322,920,708	2,322,920,708	100
Cooperative Marketing Associations.....				369,978,190	
Grand Total....				2,692,898,898	

C. Financing

1. Funds Available

The work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the service are used to pay a large part of the expenses of the inspection work.

The Agricultural Appropriation Act of 1952 authorizes advances each year from the Commodity Credit Corporation as needed, in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is reimbursed through subsequent appropriations to the extent necessary for costs of classing and grading commodities not placed under commodity loan.

2. Revenue and Net Cost of Service

Certain items of revenue other than the earnings used to defray expenses are deposited to Miscellaneous Receipts of the Treasury. The net cost of this project in 1953 to the taxpayer was about 4-1/2 million dollars, or 24 percent of the total cost of the program.

Total Cost of Inspection, Grading and Classing, and Standardization Activity
and Cost of Program to Taxpayer, by Work Project - Fiscal Year 1953

Work Project	Total Cost of Activity					Income to	Net Cost to tax- payer	Percent:	
	Paid from Revenue		Paid From		of Total : Cost : Charged: to Tax- payer			Revenue	
	Reim- bursement: to Appro- priation	Trust Funds	Advances: from C.C.C. 2/	Appro- priation					
Cotton and									
Cottonseed	2,799,959	527,342	--	527,342	427,425	1,845,192	833,199	29.8	70.2
Dairy and									
Poultry									
Products...	4,035,502	17,000	3,774,755	3,791,755	--	243,747	243,747	6.0	94.0
Fruit and									
Vegetables	3,955,610	1,019,005	3 1/2, 341,223	3,360,228	--	595,382	445,853	11.3	88.7
Grain (In-									
cludes U.S.:									
Grain Stand-									
ards Act)...	1,444,044	1,500	--	1,500	--	1,442,544	259,043	81.9	18.1
Livestock,									
Meats and									
Wool	4,323,253	--	4,171,625	4,171,625	--	151,628	804	3.5	96.5
Naval									
Stores	53,689	--	19,817	19,817	--	33,872	1,269	60.7	39.3
Rice, Hay,									
Beans, etc.	674,200	--	568,516	568,516	--	105,684	1,205	15.5	84.5
Liquid sugar,									
sirups and									
molasses...	15,974	--	--	--	--	15,974	--	100.0	--
Tobacco.....	1,995,689	420,123	--	420,123	--	1,575,566	1,015	78.9	21.1
Total....	19,297,920	1,984,970	10,875,936	12,860,906	427,425	6,009,589	1,852,283	23.8	76.2
			4/			5/			

See next page for footnotes

Footnotes:

- 1/ Includes amounts reimbursed by CCC for grading tobacco and classing cotton placed under loan.
 - 2/ Reflects costs incurred under funds advanced by CCC for grading tobacco and classing cotton not placed under loan.
 - 3/ Includes inspection service performed by Fruit and Vegetable Branch on sirups and molasses.
 - 4/ Excludes transfer of 584,156 from prior years' balances to Miscellaneous Receipts under the 50 percent provision and to other terms in the cooperative agreements for fiscal years 1944-1951, inclusive.
 - 5/ Includes comparative transfer of \$3,030
-

3. Fees and Charges

Rates and charges in connection with activities under this project are changed from time to time as necessary to provide revenue more nearly commensurate with cost. Changes effected late in 1952 and during 1953 and other charges under revisions pending include:

	<u>Effective Date</u>
a. <u>Beans and peas:</u>	
33% increase for lot inspection	8-1-52
20% increase for sample inspection	8-1-52
b. <u>Hay and straw:</u>	
66-2/3% increase for lot inspection	8-1-52
100% increase for sample inspection	8-1-52
c. <u>Dairy products</u> -(contract work):	
40% increase in installation charge	8-1-52
Other changes in contract which resulted in a 20% increase in charge.	
d. <u>Wool Standards:</u>	
Charges for standards furnished the public were raised	6-22-52

Effective Date

- e. Cotton:
17% increase in fee for review of cotton
futures classification 4-1-53
Fee for telephone or telegraph transmission
of cotton futures class changed from 5¢
per bale to actual cost 4-1-53
- f. Agas:
20% increase in rates for laboratory
analysis 4-1-53
- g. Cotton practical forms:
From 50 to 100% increase in charges for
all types 5-15-53
- h. Fresh fruits and vegetables:
A review of all cooperative agreements cover-
ing shipping point work was started early
in the fiscal year. As agreements are re-
vised, charges are being increased from
20¢ to 25¢ per carload, or 5% of fees
collected, except peanuts, 3%.
- i. Cotton fiber and spinning tests:
Charges for 5 new tests developed and
announced 8-21-53
- j. Molasses, sugarcane sirup and refiners' sirup:
Revised schedule of charges being late
developed to meet costs which are summer
higher than anticipated 1953

III. Freight Rate Services

Current Activities:

These activities assist in obtaining and maintaining equitable transportation rates and services on farm products through the Department's participation in cases before the Interstate Commerce Commission and other regulatory bodies, and informal negotiations with carriers and groups of carriers.

Selected Examples of Recent Progress:

Actions taken during fiscal year 1953:

1. The Department participated in 77 formal litigation actions before regulatory bodies, as follows:

Interstate Commerce Commission	64
Federal Maritime Board	3
State Utilities Commission	1
Civil Aeronautics Board	2
U. S. Courts	7

In addition, 29 informal negotiations were carried on with carriers and carrier associations.

2. The various agricultural commodities affected by the above actions are as follows:

	<u>Number of Actions</u>
Cotton and cottonseed	4
Dairy and poultry products	4
Fruits and vegetables	12
Grain and grain products	23
Livestock and meats	19
Wool and mohair	1
Fertilizer and fertilizer material ...	11
Fish and fishery products	2
Agricultural implements	1
General motor carrier rates	13
General rail rates	9
General water rates	5
General air rates	2
Total	<u>106</u>

3. This was an increase of about 36 percent over the number of cases in which the Department participated in 1952. Of these actions 22 were concluded favorably to agriculture, 12 unfavorably, and 72 were still pending at the close of the year.

IV. Regulatory Activities

Current Activities:

Regulatory activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, Tobacco Plant and Seed Exportation Acts, and the regulatory features of the Naval Stores Act.

These Acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Selected Examples of Recent Progress:

A. Federal Seed Act

1. Import Actions

Importations of 120 million pounds of agricultural and vegetable seeds valued at \$21,000,000 exceeded by 12 million pounds the highest previous annual importation and were 22 million pounds more than in 1952. The importations were of 112 kinds, consisting mostly of forage crops from 24 countries. The principal sources were Canada, Denmark, Holland, Italy, Great Britain, Ireland, and New Zealand. The 2-1/2 million pounds of vegetable seed was about the same as in 1952 and came chiefly from Holland.

Import Activities
Fiscal Years 1946, 1947, 1951, 1952 and 1953

Activity	: 1946	: 1947	: 1951	: 1952	: 1953
Total import actions 1/	: 3,736	: 5,791	: 8,005	: 8,045	: 9,427
Lots offered for importation ..	: 3,448	: 5,399	: 7,692	: 7,727	: 9,085
Lots permitted entry as offered :	: 3,063	: 4,858	: 7,155	: 7,186	: 8,682
Lots denied entry as offered ..	: 385	: 541	: 537	: 541	: 403
Kinds of seed imported.....	: 83	: 101	: 112	: 111	: 112
Pounds of seed offered for	:	:	:	:	:
importation (millions).....	: 70.5	: 69.1	: 103.9	: 97.8	: 120.3

1/ Includes action taken on lots rejected once and acted on again after cleaning, etc.

2. Interstate Violations

Apparent violations of the interstate provisions of the Act (93% of which were reported by the States in keeping with previously arranged cooperation) were 39 percent more than in 1952. The 948 new cases involved apparent violation in 39 States. Prosecutions in Federal courts were completed in 31 cases, resulting in fines exceeding \$17,000.

Interstate Investigations and Actions
Fiscal Years 1946, 1947, 1951, 1952 and 1953

Item	: 1946	: 1947	: 1951	: 1952	: 1953
<u>Cases for investigation:</u>	:	:	:	:	:
Total to be investigated..	785	1,199	1,290	1,236	1,414
Investigations completed..	623	768	734	770	818
Pending at end of year ...	162	431	556	446	596
<u>Administrative actions:</u>	:	:	:	:	:
No action warranted	96	160	195	231	237
Warnings issued	381	539	418	447	485
Cited for hearings	79	94	114	119	131
Seizures recommended	9	4	58	32	21
Criminal actions	:	:	:	:	:
recommended 1/.....	44	61	39	177	33
	(11)	(24)	(17)	(34)	(16)
<u>Court actions:</u>	:	:	:	:	:
Criminal actions terminated:	9	16	12	15	36
Criminal actions pending	:	:	:	:	:
at end of year	12	16	20	39	19
Seizure actions terminated:	3	6	27	58	26
Seizure actions pending	:	:	:	:	:
at end of year	5	3	35	9	4

1/ Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

3. Seed Testing

The methods of testing seeds in foreign commerce were discussed at a meeting of the International Seed Testing Association and so-called international rules patterned closely after those followed in the United States were adopted. Efforts to standardize variety names and methods of testing for varietal purity were continued.

Volume of Seed Testing Work
Fiscal Years 1946, 1947, 1951, 1952 and 1953

Activity	1946	1947	1951	1952	1953
Seed samples tested in connection with Imports (includes check tests)....	3,688	5,590	7,790	7,988	9,501
Interstate shipments	5,057	8,603	3,354	2,950	4,405
Variety tests	2,127	2,121	297	456	659
Miscellaneous	1,130	1,021	594	675	608
Total tests	12,002	17,335	12,035	12,069	15,173

B. Naval Stores and Tobacco Export Permits

1. Naval Stores

During the past fiscal year 181 samples were collected for purposes of checking condition, quality, purity, and proper label description. No willful or fraudulent infractions of the Act were encountered but there were 25 instances in which some phase of the Act or regulations thereunder were not fully observed by vendors. These applied chiefly to the sale of various kinds of turpentine, but there were also some cases of misgraded rosin sold. Objectionable wording of labels on cans of turpentine and petroleum-base paint thinners were also found. Formal citation was not necessary since corrective action was taken through letter notices. Warnings were issued to a number of shippers of tank cars of turpentine which contained excessive foreign matter.

2. Tobacco Export Permits

33 certificates were issued during the year for the exportation of tobacco seed for experimental purposes.

C. Packers and Stockyards Act

1. Posting, Registration and Licensing

a. Posting, Registration, and Licensing Activities as of June 30, Fiscal Years 1947-1953

Activity	1947	1948	1949	1950	1951	1952	1953
Number of yards posted....	201	207	206	308	333	327	325*
Market agencies and dealers registered	4,652	4,972	4,462	4,639	4,775	4,963	4,965
Packers under supervision:	1,871	2,123	2,148	1,997	1,950	1,911	1,914
Poultry dealers licensed :	1,619	1,603	1,608	1,576	1,563	1,426	1,365

* An estimated additional 306 yards are eligible for posting and subsequent supervision.

b. Bonds on file by registrants under the Act to assure payment for livestock purchased or sold totaled approximately \$44,000,000, representing an increase over the previous year of over \$5,000,000. Requests for increases in tariff charges amounting to about \$2,250,000 were filed during the year. These requests were scaled down to \$1,350,000 through informal negotiations, thus resulting in a reduction in marketing charges assessed producers and other market patrons of approximately \$900,000.

2. Supervision and Enforcement

a. During the year 1,911 tests were made of 807 livestock scales, an average of 2.4 tests per scale. Scales found to be inaccurate were required to be adjusted before re-use.

b. Hundreds of complaints filed by patrons of public markets were investigated and informal settlements obtained. Investigations at several posted livestock markets disclosed that registrants were causing false weight tickets to be issued on livestock bought and sold, that unregistered and unbonded dealers were operating under fictitious names, and that false accountings were being provided producers and buyers. Formal actions were taken resulting in orders being issued suspending the registrants for reasonable periods and fines and injunctions were obtained in Federal District Courts against the unregistered dealers. Evidence was presented before the Federal Grand Jury in Chicago resulting in the indictment of 21 dealers and weigh-masters involved in weighing frauds. One dealer indicted pleaded guilty and was sentenced to one year in prison, fined \$5,000 and placed on probation. The remaining cases are pending in the U. S. District Court in Chicago.

c. The books and records of 238 registrants and packers were audited during the year. Based on these audits and further investigation by district supervisors, 35 stipulations were executed by registrants in which they agreed to cease and desist from engaging in practices prohibited by the Act and formal actions were instituted in 58 cases involving more serious violations

d. Analysis of Formal Proceedings Fiscal Years 1947-1953

Activity	1947	1948	1949	1950	1951	1952	1953
Cases pending first of year:	23	59	55	23	36	78	54
New cases	64	16	29	65	116	26	52
Cases reopened	38	16	16	18	3	33	29
Tot. cases requiring action	125	91	100	106	155	137	135
Cases disposed of	66	36	77	70	77	83	102
Cases pending end of year..	59	55	23	36	78	54	33

D. Standard Container Acts

1. Tests Made and Samples Obtained

a. There were approximately 188 factories making or equipped to make containers at the close of business June 30, 1953, as compared with 190 in 1952. During the past fiscal year tests were made of sample containers obtained from 115 factories.

A total of 339 items (2,061 samples) were examined during the year. Of this number 72, or 21.2 percent, required correction. During the year, corrections of 56 items were accomplished and certificates of approval issued in 33 cases. Two factories were found to be making illegal packages, but since both operators voluntarily agreed to discontinue making these packages and burned the stocks on hand, no legal action was taken.

E. United States Warehouse Act

1. Licensed Warehouses

The number of warehouses licensed under the Act increased to 1,444 on June 30, 1953--10 more than a year ago. Of the 1,444 licensed warehouses 904 were for grain, 469 for cotton and the remaining 71 for various other commodities.

As of June 30, 1953, there were 3,882 licenses held by inspectors, weighers, graders, and samplers; amendments were made to 184 licenses, 20 were suspended and 17 were reinstated.

Number of Licensed Warehouses

<u>Year</u>	<u>Number</u>	<u>Year</u>	<u>Number</u>	<u>Year</u>	<u>Number</u>
1940	1,291	1945	1,330	1950	1,483
1941	1,347	1946	1,338	1951	1,467
1942	1,354	1947	1,300	1952	1,434
1943	1,327	1948	1,335	1953	1,444
1944	1,325	1949	1,372	1954	1,472 *

* as of 11/16/53

2. Licensed Warehouse Capacity

: Grain : Cotton			: Grain : Cotton		
Year : (Bushels) : (Bales)			Year : (Bushels) : (Bales)		
:(millions):(millions)			:(millions):(millions)		
1940	: 187.7	: 10.05	1947	: 280.4	: 10.39
1941	: 224.9	: 10.16	1948	: 301.4	: 10.16
1942	: 241.8	: 10.23	1949	: 336.4	: 10.61
1943	: 257.7	: 10.39	1950	: 380.1	: 11.03
1944	: 260.5	: 10.65	1951	: 449.4	: 11.01
1945	: 258.1	: 10.59	1952	: 459.7	: 11.02
1946	: 271.2	: 10.57	1953	: 484.4	: 10.51
			1954*	: 502.8	: 10.69

* As of November 6, 1953.

Although the storage capacity for cotton showed a decrease in 1953, applications are being received to license more warehouse space because of the large crop prospects, particularly cotton, and the large quantities expected to go under CCC loan.

3. Inspection of Licensed Warehouses

The number of supervisory examinations by warehouse examiners further decreased from an average of 2.6 in 1952 to 2.5 in 1953. This is a continuation of the trend which has developed over the past 10 years. Even the average of 2.5 in 1953 was made possible only because of abnormally low stocks in cotton warehouses. Because of the indicated continued expansion of licensed warehouse space and the anticipated heavy stocks of cotton and grain that will be carried in storage, it is expected that the average number of inspections per warehouse will be considerably further reduced in 1954. For instance, on June 30, 1953 in the area served by the Memphis office, the licensed cotton warehouses had in store 6 times as much cotton as on June 30, 1952. It is evident that with such an increase in the amount of cotton in store, it will not be possible to maintain the 1953 average of 2.33 inspections in this area.

The decreasing frequency of the examinations and the consequent lengthening of time between examinations has been accompanied by an increase in irregularities. For example, the Morrow County Grain Growers' warehouses were not examined between January and December 1952. The investigations of irregularities detected on the December examination indicates that several times during 1952 the licensee was short, at one time as much as 112,354 bushels. As a result, this organization, a cooperative, was obliged to call upon its members to

raise \$125,000. More frequent examinations would have detected this situation when it first occurred and it would not have been allowed to recur.

During the year, the licenses of 20 warehouses were suspended for various violations. In addition to violations which result in suspension, practically every examination reveals some irregularity which, while not serious enough to warrant suspension, could easily lead to more flagrant violations if not corrected immediately.

As of November 6, 1953, increases in total licensed capacity over June 30 are approximately 3.8 percent in grain and 1.7 percent in cotton. 28 additional warehouses are licensed. Licensed cotton warehousemen are filing applications to include additional space at a rapid pace. Approximately 40 percent more cotton appears to be on hand in licensed warehouses than one year ago. The workload is definitely increasing.

F. Federal Cost of Regulatory Activities

Total cost of activity	1,576,844
Less reimbursements	1,280

Paid from appropriation	1,575,564
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Less Income to General Revenue	
Fund of Treasury	29,722

Net cost to taxpayer	<u>1,545,842</u>
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Percent of total cost charged	
to taxpayer	98.0

Percent of total cost covered by	
revenue	2.0

V. Administration and Coordination of State Payments

Current Activities:

The work done in cooperation with States and Territories on developing new service work in marketing is administered and coordinated under this project. States and Territories match Federal funds and, with recommendations on problems to be studied and technical assistance from Department marketing specialists, carry out marketing service projects aimed at alleviating or solving urgent marketing problems.

Selected Examples of Recent Progress:

During 1953 this work was carried on with 32 States, the District of Columbia, and Hawaii. Most of the cooperating States were visited by a Federal specialist during 1953 for the purpose of assessing the progress being made, counseling with States concerning operating problems and giving them the benefit of successful program approaches and techniques used in other States when faced with comparable problems.

Two regional workshops were held, one in Baltimore, Maryland and one in St. Louis, Missouri. In addition to representatives from the States and the Department, the workshops were attended by various producers and representatives of the distributive industries. An outstanding highlight of the workshops was the contribution made by the trade and producer representatives in frankly and objectively discussing marketing problems and what was needed from a service standpoint.

Department personnel also appeared before various commodity and functional advisory committees for purposes of reporting accomplishments and progress and presenting the need for marketing service work under matched funds, the handling of all administrative matters incident to the matching of new funds and a continuous check on all financial aspects of the program.

PAYMENTS TO STATES, TERRITORIES, AND POSSESSIONS

Purpose Statement

Through this program, the Department enlists the services of the State marketing agencies as part of a well-rounded approach to the solution of problems in agricultural marketing.

Allotments to States as authorized by Section 204(b) of the Agricultural Marketing Act of 1946 are made under cooperative agreements between the United States Department of Agriculture and State Departments of Agriculture, Bureaus of Markets and similar State agencies, for the conduct by these agencies of eligible marketing service activities on a matched-fund basis.

This matched-fund arrangement gives recognition to the important and indispensable role of the State marketing agencies in the tailoring of marketing research results to local conditions. Through this program, the Department is able to assist in expanding the marketing service work performed by the State, giving leadership to the individual State marketing service effort by applying the results of experience of other States in similar situations, and to coordinate the action of two or more States in the solution of regional problems.

The work conducted under the matched-funds projects is aimed at providing assistance to producers and processors on a local or area basis in increasing efficiency of marketing through improving and maintaining product quality; increasing the use of improved facilities, equipment, and work methods in the preparation, care, and handling of agricultural products; and the attainment of more equitable distribution through providing special, local market information relating to marketing requirements, supplies, and demand. Through such on-the-spot assistance, this program contributes to the expanding of outlets, reduction of losses and increase in returns to farmers in the marketing of their products.

	Estimated Available, <u>1954</u>	Budget Estimate, <u>1955</u>
Appropriated funds	\$573,000	\$900,000

10. 11. 1954

(b) Payments to States, Territories, and Possessions

Appropriation Act, 1954	- -
Activities transferred in 1955 estimates from "Agricultural Marketing Act, Agriculture" for payments to State Departments of Agriculture for marketing service work	+\$573,000
Base for 1955	573,000
Budget Estimate, 1955	<u>900,000</u>
Increase (for additional marketing service work by State Departments of Agriculture and similar agencies under matched funds projects)	<u>+327,000</u>

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increase	1955 (estimated)
Payments to States for mar- keting service work under authority of Sec. 204(b) of the Agricultural Marketing Act of 1946	\$542,999	\$573,000	+\$327,000(1)	\$900,000
Total available or estimate ..	542,999	573,000	+327,000	900,000
Transfer in 1955 estimates from "Agricultural Marketing Act, Agriculture"	-542,999	-573,000		
Total appropriation or estimate	- -	- -		

INCREASE

(1) Increase of \$327,000 for additional matched fund marketing service work by State Departments of Agriculture and other appropriate State agencies.

Need for Increase: The proposed increase for matched fund marketing service activities is needed to assist in getting the results of research and the knowledge of the best methods and practices into effect in the distribution system. With the program experience of past years, and an increasing volume of practical, problem-solving research results becoming available, the State Departments of Agriculture are prepared to render even more effective services in response to the marketing problems existing in individual States. Nearly half of the commodity advisory committees, operating under the Agricultural Marketing Act, have recommended increased activity in this State matching fund work as a broad base of service in

marketing which is geared to local problems and needs. This increase will permit expansion of such programs through the media of matching funds with the States.

Major Problems on which additional Marketing Service Work is Needed:

- a. Reducing waste and spoilage; improving product quality by improved handling, packaging, processing, storing, and shipping of farm products.

One of the most pressing problems, particularly in a period of large supplies, is the preservation of product quality in storage and in other channels of marketing. For example, in many grain areas, a large proportion of the locally produced grain is sold below current market prices because it is handled inefficiently and deteriorates in quality because of inadequate drying, storage, and processing facilities.

It is planned to provide expanded service for improving quality of grain by (1) assisting marketing agencies including elevator operators, truckers, and other storage or transportation agencies to improve handling and storage practices in order to reduce rodent or insect damage, loss by "heating" and subsequent quality deterioration, and loss of grain through spilling or leakage in freight cars or other transportation facilities, and (2) conducting activities to encourage pricing of grain by grade.

It is also proposed to expand the marketing services relating to better methods of grading, packaging, cooling before shipment, handling, loading for shipment, and storage for all fruits and vegetables. This work will be carried on by aiding producers, packers, processors, transportation agency representatives and distributors, in adopting (1) methods and practices that will result in better packs of a uniform quality, properly identified, and packed in a container that will preserve quality; (2) methods whereby highly perishable fruits and vegetables will be picked at the proper state of maturity, and properly cooled before shipment (using such methods as field-icing, or "hydro-cooling"); and (3) practices of handling and storage that will reduce bruising, over-maturity at delivery, and general deterioration of quality.

- b. Developing expanded domestic markets for surplus commodities.

It is planned to expand services to assist in the developing of new market outlets and in movement of seasonal surpluses of agricultural products. Several methods will be used, such as providing truckers and other potential buyers with information on production prospects and location, variety, and quality of available supplies. Assemblers and shippers will be assisted in adopting improved marketing practices and in meeting requirements for trade acceptance such as containers and types of pack and time and method of delivery.

Growers, shippers, and processors of farm products often fail to gain fully from their market opportunities through lack of adequate basic information about (1) the nature of their product, or (2) the location of supplies, time of harvesting, and location of markets which can use quantities of surplus or off-quality items. A number of State Departments of Agriculture have developed programs which have resulted in the movement of seasonal surpluses of agricultural products which otherwise might have been sold at a loss.

In other States, information has been developed on the marketing of certain food items on an area or national scale which has provided extensive data on distribution, retailing practices, and trade acceptance of various types of pack and sizes of containers, as well as the possibility of developing distribution in new areas or to new types of users.

c. Developing new market information

It is planned to expand local or area market news projects on an experimental basis so that producers and dealers will have prices quoted which they should receive or pay for agricultural products. For fruits and vegetables for example, experimental market news releases would be issued weekly during the main marketing and harvesting seasons and would include such information as number of packages sold, grade, f.o.b. price, and quality including degree of ripeness and color.

A vast amount of this type of information is needed to guide buyers and sellers, processors, and others engaged in the complex business of supplying every community with the right amounts of agricultural commodities from all parts of the country every day of the year. Some of this information is available through regular Government reports, but in many cases, the present coverage is insufficient for the needs of special marketing situations.

d. Improving market facilities, equipment and procedures.

Part of the increased funds would be used to strengthen and expand service work in improving market facilities, equipment, and procedures, covering such fields as the design and location of new facilities and modernization of existing receiving and handling facilities, including those in rural counties as well as terminal markets. Such work offers promise of reducing marketing costs as effectively as any other undertaking in the field of marketing. Wholesale markets in many areas are outmoded and very inefficient in the handling and distribution of highly perishable farm products. Situations of this kind are being surveyed by technically trained men who are capable of giving advice concerning an efficient market layout, organization, and operation, and recommendations are

made accordingly. The State Departments of Agriculture would increase their cooperation in this work by aiding in the original surveys and in stimulating action by city officials, the produce trade, and other marketing officials.

The above are examples of the types of work which would be expanded with the proposed increase. This work, together with that currently being performed under this program, will provide a wider application of marketing research results and improved marketing practices to local and regional marketing problems.

CHANGE IN LANGUAGE

The estimates include proposed ~~new~~ language as follows (new language under-scored):

For payments to departments of agriculture, bureaus and departments of markets and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$900,000.

This new item proposes a separate appropriation for payments to State Departments of Agriculture, bureaus and departments of marketing and similar agencies under section 204(b) of the Agricultural Marketing Act. In prior years these payments have been made by allotment from the Agricultural Marketing Act appropriation. This proposal will not affect the nature or scope of the work conducted.

STATUS OF PROGRAM

Current Activities:

Allotments to States as authorized by Section 204(b) of the Agricultural Marketing Act of 1946 are made under cooperative agreements between the United States Department of Agriculture and State Departments of Agriculture, Bureaus of Markets and similar State agencies, for the conduct by these agencies of eligible marketing service activities on a matched-fund basis.

An increasing volume of marketing research results is becoming available. For maximum usefulness these results must be applied and adapted to specific problems confronting individuals and firms involved in marketing from the farm gate through the retail store. The matched-fund marketing service program through the State Departments of Agriculture has been geared toward providing such assistance on a local or area basis. Through timely, on-the-spot assistance, this program has made many substantial contributions which have resulted in expanding outlets, reducing losses, and increasing returns to farmers in the marketing of their products.

A State is required to make available at least an equal amount from its own funds, which must be in addition to any funds available for marketing service and research work in the State prior to August 14, 1946. The agreements covering allotments include appropriate provisions for preventing duplication or overlapping of work within the State or States cooperating. Should such duplication occur subsequent to approval of a cooperative project or allotment of funds, the Secretary is authorized and directed to withhold any unexpended balances on such projects.

No formula is applied for distributing these payments. Payments to each State are based upon an evaluation of the relative urgency of the marketing service problems confronting the State; the probable effectiveness of the proposed plans for solving or alleviating the problems; the ability of the State to carry out the programs proposed; and the availability of Federal matching funds.

Thirty States, Puerto Rico, Hawaii, and Alaska, through their Departments of Agriculture or similar agencies, are attacking marketing problems with the assistance provided by the payments authorized in this program. Major emphasis is currently directed

to improving efficiency in product handling and preparation for shipment, in maintaining proper conditions in transit, storage, and processing plant; encouraging the adoption of improved methods in selecting, grading, packing and packaging farm products; assistance in movement of seasonal surpluses of agricultural products by furnishing special, local market information to prospective buyers concerning the location, quantity, quality, and probable dates of peak movement to market, and the conducting of experimental market news projects.

Selected Examples of Recent Progress:

1. Technical assistance to cotton ginner results in savings to North Carolina producers of approximately \$800,000 a year. Through technical assistance given by the State Department of Agriculture, the \$10 per bale discount on at least 15 percent of the North Carolina crop was virtually eliminated by the reduction in amount of damaged or "rough prep" cotton, at an annual saving of approximately \$800,000 to the farmers in that State.
2. Swiss cheese quality improvement in Wisconsin. Factories cooperating in a quality improvement program sponsored by the State Department of Agriculture and industry groups reported that 75.4 percent of the cheese manufactured by these factories was in the two top grades, whereas only 54.5 percent was in these grades in other areas where no program was in effect. The area for which higher grade cheese was reported had previously been below average in grade.
3. Washing costs for potatoes cut in Maine. The State Department of Agriculture in Maine found that little deterioration results when potatoes are washed but not heat dried, a process usually considered necessary in preparing high quality potatoes for the market. As much as 75 percent of washing costs are saved by the elimination of heat-drying of potatoes.
4. Apple growers aided in successful marketing in South Carolina. The State Department of Agriculture assisted in the formation of the Long Creek Apple Authority which provided facilities for grading, brushing, and packing apples which resulted in producers using these facilities receiving an average price of \$4.00 per bushel - a considerable increase over previous marketing seasons when these facilities were not available.
5. Producers net premium for eggs in Kentucky and widen their market. As a result of selling their eggs on a graded basis through a program sponsored by the State Department of Agriculture, Kentucky producers netted a premium of seven cents per dozen for graded eggs compared to prices received for ungraded eggs. The greater market acceptability of the graded eggs have enables some producers to increase profitably their number of layers.

6. Premium prices received for peaches in North Carolina. Approximately 50,000 bushels of peaches moving out of the State were "hydro-cooled" that is, dipped in ice water after being picked tree-ripened, and then graded and packed in improved manner, as a result of the assistance of the State Department of Agriculture in getting this method of preparing the peaches for marketing into effect. A premium of 70 cents per bushel or more than \$35,000 than for peaches shipped in the usual manner was received by growers. This premium is due for the most part to increased demand for higher quality peaches picked at optimum maturity, arriving at market with little or no damage.
7. Butter quality improvement project in North Dakota shows results. Butter manufacturers cooperating in a State Department of Agriculture sponsored quality-improvement project marketed a higher quality product. A report on the 20 percent of the State's production which was graded during the year showed that there was none below 89 score, whereas in the previous year approximately 23,000 pounds was below this score. The volume of 90 score was 237,000 pounds more than the previous year and there was a gain of 67,000 pounds in the volume of 92 score butter.
8. Quality improvement program for manufactured milk. The Mississippi Department of Agriculture carried on a quality-improvement program for manufactured milk in five cooperating plants. Over a three-year span, records compiled on quality trends at one of the plants show for a three months test period that rejections were 103,248 pounds of the 5,415,199 pounds of milk handled during the period in the year preceding the initiation of the program, whereas rejections were reduced to 53,118 pounds of the 5,537,982 pounds handled after the program had been operating for three years. This is a decrease of approximately 50 percent in the volume of rejected milk.
9. Eleven State Departments have developed information programs for the movement of seasonal surpluses of agricultural products at profitable prices which otherwise might have been sold at a loss. Through these programs information was given to prospective buyers concerning the location, quantity, quality, and probable date of peak movement to market. Some examples were: In Illinois, a market was found for more than 50,000 bushels of hail-damaged peaches during the 1953 marketing season through its program of moving surpluses by giving information to truckers and dealers. In Louisiana, dairy reports on surplus quantities of milk were phoned or wired to each market area in Louisiana or nearby market areas in Mississippi, Texas, and Arkansas as to where surplus quantities could be sold or where needed supplemental supplies could be secured. Profitable outlets for many thousands of gallons of milk were found which otherwise might have been disposed of at a loss. In Maryland, cabbage and other vegetables in surplus supply were marketed profitably by prompt dissemination of information on availability.

10. A wide variety of market information is needed to assist producers and most dealers in expanding market outlets, and in securing better distribution. The following are illustrative of work done in this field by various State Departments of Agriculture.
11. The Washington State Department of Agriculture made a fruit tree survey in response to demands for more information on ages and varieties of all principal fruit crops. This was the first up-to-date information made available following the rapid expansion in new plantings immediately following the end of World War II. Similar surveys of fruit tree numbers have been made in New York, Virginia, West Virginia, Michigan, Maryland, South Carolina, and California.
12. The California Department of Agriculture was able to furnish the raisin and grape industry with (a) periodic information about the rate of harvest of grapes for raisins during the short harvest period, to guide them in the proper utilization and marketing of those varieties of grapes adapted for table use, for raisins or for wine; and (b) an early post-harvest estimate of the tonnage of raisins made.
13. Wide variations in the price of alfalfa hay at local markets in the San Joaquin and Sacramento Valleys of California resulted in the development of an experimental market news service in these areas. The program resulted in reducing the price spread between the local and terminal prices from \$5 to \$10 to \$2.50 to \$3.00 per ton.

Distribution of Payments: The distribution of allotments by States in the fiscal year 1953 and 1954 is shown in Table I attached.

TABLE I

Distribution by State of Allotments made to State D Departments of Agriculture, State Bureaus and Departments of Markets and similar agencies under Section 204 (b), Agriculture Marketing Act of 1946.

State	Actual 1953	Estimated 1954
Alabama	\$ 8,750.00	\$ 7,000.00
Arkansas	—	5,000.00
California	62,000.00	52,347.00
Colorado	1,500.00	2,000.00
Delaware	8,000.00	—
Illinois	12,762.00	17,500.00
Indiana	16,000.00	24,000.00
Iowa	6,000.00	10,000.00
Kansas	22,000.00	28,000.00
Kentucky	17,000.00	18,000.00
Louisiana	18,831.00	22,000.00
Maine	23,500.00	13,500.00
Maryland	10,000.00	10,000.00
Massachusetts	2,885.67	3,400.00
Michigan	15,418.08	13,000.00
Minnesota	26,000.00	23,600.00
Mississippi	19,000.00	21,000.00
Montana	6,500.00	1,500.00
Nebraska	—	5,500.00
New York	13,642.00	23,000.00
North Carolina	42,000.00	50,000.00
North Dakota	11,000.00	11,000.00
Oklahoma	20,000.00	20,000.00
Oregon	6,400.00	—
South Carolina	17,000.00	8,950.00
South Dakota	12,238.00	12,250.00
Tennessee	21,000.00	12,365.00
Texas	18,000.00	18,000.00
Virginia	23,572.00	25,000.00
Washington	8,000.00	24,472.00
West Virginia	20,000.00	20,000.00
Wisconsin	44,000.00	43,616.00
Wyoming	—	3,000.00
Alaska	5,000.00	7,000.00
Hawaii	—	2,000.00
Puerto Rico	15,000.00	15,000.00
Total	\$542,998.75	\$573,000.00

REPAYMENT TO COMMODITY CREDIT CORPORATION

Purpose Statement .....	347

The Department of Agriculture Appropriation Act for 1952 authorized advances from the Commodity Credit Corporation to appropriations available for classing and grading agricultural commodities without charge to producers in order to insure a prompt, efficient service. Such advances must be repaid from subsequent appropriations.

This item reflects funds for reimbursing Commodity Credit Corporation (including interest) so that the Corporation may be made whole for funds advanced which were in excess of the cost of classing cotton and grading tobacco which were placed under price support.

	<u>Appropriated, 1954</u>	<u>Budget Estimate, 1955</u>
Appropriated funds	\$768,505 (1952 costs)	\$441,655 (1953 costs)

(c) Repayment to Commodity Credit Corporation

Appropriation Act, 1954, and base for 1955	\$768,505
Budget Estimate, 1955	<u>441,655</u>
Decrease (due principally to the fact that in fiscal year 1953 a greater quantity of Smith-Doxey classed cotton was placed under CCC loan than in 1952)	<u>-326,850</u>

PROJECT STATEMENT

Project	1953	(estimated)	Decrease	1955 (estimated)
Reimbursement to Commodity Credit Corporation	- -	\$768,505	-\$326,850(1)	\$441,655

DECREASE

(1) A decrease of \$326,850 in the amount needed for reimbursement to Commodity Credit Corporation for costs incurred in fiscal year 1953 for inspecting and grading tobacco and classing cotton not placed under loan.

The Smith-Doxey Act of 1937 provides that farmers organized to promote the improvement of cotton shall be eligible for free classing service. Similarly, the Tobacco Inspection Act of 1935, as amended, provides that tobacco producers may have their tobacco graded without charge at auction markets designated by the Secretary for free and mandatory inspection after approval by two-thirds of the growers voting in a referendum. The class of the cotton or the grade of tobacco placed on the commodity is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (1) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (2) a cotton classing organization which is capable of getting classification returns to producers promptly.

The demand for these services in 1953 exceeded that which could be provided from available appropriations and other funds. Therefore, in order to insure a prompt efficient service, funds were advanced from Commodity Credit Corporation under authority contained in the Department of Agriculture Appropriation Act, 1952.

Greater quantities of cotton and tobacco placed under loan - During 1953 over 2 million bales of cotton classed under the Smith-Doxey Act were placed under loan compared with slightly over 900,000 bales in 1952.

Further, nearly 16 percent of tobacco graded at auction markets went under loan compared with 11 percent in 1952.

This estimate would provide funds to reimburse Commodity Credit Corporation (including interest) so that the Corporation may be made whole for

funds transferred which were in excess of the cost of classing cotton and grading tobacco which were placed under price support. The basis for the estimated amount requested for repayment is as follows:

Cotton:

Estimated total number of classings by Federal employees	11,207,787
Estimated cost of all classings by Federal employees	2,352,736
Average cost per classing	21.0¢
Estimated total bales classed under Smith-Doxey Act going under loan	2,091,136
Advance from CCC (net)	\$866,564
Estimated cost of classing loan cotton (2,091,136 x 21.0¢)	439,139
To be repaid to CCC	<u>427,425</u>

Tobacco:

Estimated total cost of inspecting and grading tobacco at auction markets	\$1,814,066
Estimated amount of tobacco graded at auction markets placed under loan	15.90%
Advance from CCC (net)	\$288,436
Estimated cost of inspecting loan tobacco (15.90% of \$1,814,066)	288,436
To be paid to CCC	- -

Total amount to be repaid:

Cotton	\$427,425
Tobacco	- -
Total	<u>427,425</u>

Interest through June 30, 1954	<u>14,230</u>
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Total amount for reimbursement to CCC	<u><u>441,655</u></u>
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SCHOOL LUNCH PROGRAM

Purpose Statement

This program, authorized by the National School Lunch Act of June 4, 1946, is designed to: (1) improve the health and well-being of the Nation's children, and (2) broaden the market for agricultural food commodities.

Federal assistance, in the form of both funds and food, is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades or under. To be eligible for participation in this program schools must operate their lunch rooms on a nonprofit basis and must comply with minimum requirements set forth in the agreement entered into by the State educational agency and the United States Department of Agriculture.

Each State must submit a plan of operation for approval of the Department by July 30 of each year. Meals served must meet minimum nutritional requirements established by the Department of Agriculture. The Type A or "complete" lunch furnishes $\frac{1}{3}$ to $\frac{1}{2}$ of the daily nutritional requirements of the child; the Type B meal, less adequate nutritionally, contains the same nutritional elements but in smaller quantities; and the Type C meal consists of $\frac{1}{2}$ pint of milk only.

Each State's share of the total funds available is determined by a formula in the National School Lunch Act which takes into account: (1) the number of school children in the State, and (2) the relation of per capita income in the State to the average per capita income in the United States. The funds are paid to the States in quarterly installments and, upon submission of claims to the State agency, schools are reimbursed for a portion of the food cost of each meal served. Maximum Federal reimbursements for meals are 9 cents, 6 cents, and 2 cents for types A, B, and C meals, respectively. Lunches must be served free of charge, or at reduced prices to children who are unable to pay the full cost of the lunch.

Federal funds paid to a State must be matched from sources within the State. From 1951 through 1955, States must contribute \$1.50 for each Federal dollar. Beginning in 1956 States must contribute \$3.00 for every Federal dollar.

The School Lunch Program provides the largest single outlet for surplus commodities purchased under the authority of Section 32 of the Agricultural Adjustment Act, as amended, and price support commodities under Section 416 of the Agricultural Act of 1949.

	Estimated Available, <u>1954</u>	Budget Estimate, <u>1955</u>
Appropriated funds	a/ \$83,236,197	\$68,000,000

a/ Excludes \$128,803 transferred to other appropriations for penalty mail costs.

THE HISTORY OF THE

REIGN OF

THE GREAT BRITAIN, FROM THE DEATH OF CHARLES THE SECOND, TO THE DEATH OF WILLIAM THE THIRD, IN THE YEAR 1694.

IN TWO VOLUMES. THE FIRST CONTAINS THE HISTORY OF THE REIGN OF WILLIAM THE SECOND, FROM THE DEATH OF CHARLES THE SECOND, TO THE DEATH OF WILLIAM THE SECOND, IN THE YEAR 1694. THE SECOND CONTAINS THE HISTORY OF THE REIGN OF WILLIAM THE THIRD, FROM THE DEATH OF WILLIAM THE SECOND, TO THE DEATH OF WILLIAM THE THIRD, IN THE YEAR 1694.

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(d) School Lunch Program

Appropriation, 1954	\$83,365,000
Transferred to "Agricultural Adjustment Programs, Commodity Stabilization Service", pursuant to Public Law 286 for penalty mail	-128,803
Adjusted appropriation, 1954, and base for 1955	83,236,197
Budget Estimate, 1955	68,000,000
Decrease	a/ <u>-15,236,197</u>

SUMMARY OF DECREASES, 1955

Decrease due to elimination of funds for purchase and distribution of commodities pursuant to Section 6 of the National School Lunch Act	-15,000,000
Decrease in operating expenses due to discontinuance of Section 6 purchases and curtailment of research, audits, and technical services to States	-236,197

PROJECT STATEMENT

Project	1953	1954 :(estimated):	Decreases	1955 :(estimated)
1. Food assistance:				
Cash payments	67,178,839	67,010,000	- -	\$67,010,000
Commodity procurement:				
(Section 6)	14,744,071	15,000,000	-\$15,000,000(1):	- -
2. Operating expenses ..	1,290,387	1,226,197	-236,197(2):	990,000
Unobligated balance ..	150,972	- -	- -	- -
Costs under Penalty				
Mail Act (P. L. 286)	[- -]	[1,197]	[+160]	[1,357]
Total available or estimate.....	83,364,269	83,236,197	-15,236,197	68,000,000
Transferred to "Agricultural Adjustment Programs, CSS"	- -	+128,803		
Reduction pursuant to Sections 411 and 412	+3,222	- -		
Total appropriation or estimate	83,367,491	83,365,000		

a/ The decrease compared with the 1954 appropriation before making the transfer of \$128,803 to another appropriation for penalty mail costs pursuant to Public Law 286 is \$15,365,000.

DECREASES

(1) Decrease of \$15,000,000 due to elimination of funds for purchase and distribution of commodities pursuant to Section 6 of the National School Lunch Act.

The reduction is being applied entirely to the amount budgeted for purchase and distribution of commodities pursuant to Section 6 of the Act. This estimate does not contemplate a curtailment in the total size of this program but recognizes the availability of large amounts of desirable surplus foods available to the Federal Government as a result of its surplus-removal programs. Increases in quantities of Section 32 commodities anticipated in 1955 should be sufficient not only to maintain the level of Federal assistance but also should offset some of the added costs resulting from increasing school enrollments.

The School Lunch Program, always the largest single outlet for surplus commodities, will continue to benefit as the recipient of nutritious foods to be used in school lunches. In 1953 almost 117,000,000 pounds of surplus agricultural commodities valued at about \$51,724,000 were so distributed. Fourteen million pounds of butter, 7.9 million pounds of shell eggs, 11 million pounds of dry milk, 20.3 million pounds of pork products, 38.6 million pounds of turkey, 17.2 million pounds of fresh pears, 3.9 million pounds of concentrated orange juice, and 2.6 million pounds of canned cherries comprised the bulk of this distribution. During the current year larger quantities of surplus commodities are being made available. It is estimated that a total of 320 million pounds of nutritionally desirable foods valued at about \$122.9 million will be distributed to schools during 1954.

The amount budgeted for cash payments to States is the same as that provided in 1954. Efforts will be intensified toward increasing State and local contributions. More rigid screening of schools will be encouraged to the end that Federal aid will be concentrated, insofar as possible, in the areas of greatest need.

(2) Decrease of \$236,197 in operating expenses due to discontinuance of Section 6 purchases and curtailment of research, audits and technical services to States.

The discontinuance of Section 6 commodity purchases will bring about a reduction in administrative work under this appropriation. Technical services to States and audits of State agency records will also be curtailed. While special research conducted by the Agricultural Research Service in connection with nutritional aspects of the lunches served will be discontinued, the Service will be called upon in the capacity of a consultant as problems arise which require specialized experience in the field of nutrition.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

[To enable the Secretary] For necessary expenses to carry out the provisions of the National School Lunch Act * * *

This change eliminates the words "To enable the Secretary" and substitutes in lieu thereof "For necessary expenses" for the purpose of making the language consistent with that carried for other items in the Agricultural Appropriation Act. Therefore, the proposed change will in no way affect the nature or scope of the work being conducted.

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:
 - a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;
 - b. serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;
 - c. expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;
 - d. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.
2. Improve the health and well-being of the Nation's children by:

- a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

Experience indicates that children who get lunch under this program, compared with those who do not, show:

- (1) more rapid gain in weight and height;
 - (2) better attendance records;
 - (3) improvement in scholastic standing;
 - (4) better deportment;
 - (5) higher resistance to colds and other illnesses.
 - b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:
 - a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:
 - (1) State per capita income compared with United States per capita income
 - (2) State population of children 5 to 17 years of age

- b. paying the apportioned funds to State agencies on a quarterly basis to enable them to reimburse participating schools for a portion of the food cost of lunches served when the schools:
 - (1) agree to operate on a nonprofit basis
 - (2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture
 - (3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost
 - (4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.
- c. paying the funds directly to participating private schools in the 27 States and Hawaii where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by:

- a. purchasing foods under Section 6 of the National School Lunch Act to help schools meet nutritional requirements most economically and by arranging distribution through approved State distributing agencies;
 - (1) at a total cost not to exceed 25 percent of the food assistance funds;
 - (2) on the basis of their nutritional value and acceptability
 - (3) in areas where they are most needed
- b. distributing to schools, through approved State distributing agencies, commodities acquired under the appropriation for removal of surplus agricultural commodities (Section 32)
- c. distributing to schools, through approved State distributing agencies, commodities acquired by the Commodity Credit Corporation pursuant to Section 416 of the Agricultural Act of 1949

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

- a. handling of funds
- b. purchase and storage of food:

- c. proper use of equipment
- d. preparation and serving of meals
- e. maintenance of records and preparation of reports

4. Making reviews and audits by:

- a. annual audits of the records of State agencies and selected schools
- b. comprehensive administrative analyses of State agencies' operations under the program
- c. administrative reviews in individual schools as necessary

Examples of Recent Progress and Trends

The National School Lunch Program in 1953 continued to benefit an increasing number of children. In 1953 school lunch programs purchased locally approximately \$265,000,000 worth of agricultural commodities, which is \$15,000,000 more than in 1952.

1. Extent of Participation

A. Over-all participation increased in 1953

- 1. Schools - Final figures for fiscal year 1952 revealed a peak in February of 56,739 participating schools with an average for the principal school months (September through June) of 49,671. Figures for 1953 indicate peak participation in March totaling 58,422--an increase of 1,683 schools. The number of schools participating during the 10-month period (September through June) of fiscal year 1953 averaged 51,821--an increase of 2,150 schools.
- 2. Children - In fiscal year 1952 peak participation totaled 9,321,297 children (in November 1951) with a 10-month average (September through June) of 8,060,555. Reports for 1953 show a peak of 9,794,896 (in November 1952) and a 10-month average of 8,603,522.
- 3. Participation by month - Monthly participation in 1953 showed less fluctuation than in 1952. During each month of the period October through April more than 9,000,000 children were served lunches under the program, with participation during 5 of these months exceeding the peak month of 1952.

Participation in the National School Lunch Program
Fiscal Years 1952 and 1953, by Month

Month	Number of Schools		Number of Children	
	1952	1953	1952	1953
July	1,618	1,626	164,725	166,185
August	5,420	4,806	646,206	564,320
September	45,617	48,497	7,928,262	8,577,406
October	52,138	54,183	8,893,687	9,495,846
November	55,663	56,852	9,321,297 *	9,794,896 *
December	56,174	57,809	9,158,365	9,696,817
January	56,609	58,364	9,073,512	9,304,483
February	56,739 *	58,400	8,794,400	9,347,374
March	56,354	58,422 *	8,737,145	9,381,776
April	54,456	57,119	8,366,220	9,076,895
May	48,108	51,258	7,636,822	8,212,558
June	14,848	17,304	2,695,842	3,147,173
Average,				
Sept. - June ...	49,671	51,821	8,060,555	8,603,522

* Peak month.

Extent of participation by State is indicated by Table I

2. Quantity and Quality of Meals Served

- A. Quantity - More children in participating schools were fed nutritious lunches over a longer period of the school year judging by (1) the high participation at the outset of the school year; (2) the maintenance of this high rate throughout the school year; and (3) the increase in total number of meals served. The total number of meals served was about 94,000,000 greater--an estimated 1,584,000,000 in 1953 compared with about 1,490,000,000 in 1952.
- B. Quality - The number of Type A meals increased 9 percent in 1953 compared with 1952 and comprised 71 percent of all meals served.

3. Method of Financing the Program

Estimated Funds, by Sources, Fiscal Years 1952 and 1953

Source	1952	1953	Change 1953 from 1952
Federal Appropriation ...	\$83,367,491 a/	83,367,491 b/	---
Sources within the States::			
Payments by children ,,,	242,370,000	276,209,000	+/33,839,000
State and local govern- ment appropriations....	54,418,000	57,093,000	+/2,675,000
Other local contribu- tions	38,457,000	46,377,000	+/7,920,000
Total, State contributions	335,245,000	379,679,000	+/44,434,000
Grand Total,			
Funds Available	418,612,491	463,046,491	+/44,434,000

a/ In addition, commodities valued at \$16,600,000 were distributed under "Removal of Surplus Agricultural Commodities" (Section 32), and Section 416 of the Agricultural Act of 1949.

b/ In addition, commodities valued at approximately \$51,724,000 were distributed under "Removal of Surplus Agricultural Commodities."

4. Benefits to Agriculture

Commodities utilized during 1953 in the School Lunch Program cost approximately \$331,500,000. Of this amount, about \$265,000,000 was expended by schools locally--both Federal and State funds. The remaining \$66,500,000 is the estimated cost of 201,142,000 pounds of commodities which the Department purchased and distributed to schools under Section 6 of the National School Lunch Act and "Removal of Surplus Agricultural Commodities" (Section 32).

Commodities Purchased and Distributed to School Lunch Programs Fiscal Year 1953

Commodity	Quantity (Pounds)	Estimated Cost
<u>Section 6, National School Lunch Act</u>		
Beans, canned green	4,323,000	\$493,617
Beans, dry	14,892,000	1,287,208
Cheese, process	14,184,000	6,139,018
Grapefruit sections, canned	6,149,000	772,155
Peaches, canned	8,913,000	1,256,805
Peanut butter	3,654,000	989,507
Peas, canned	7,835,000	853,896
Tomatoes, canned	16,195,000	1,695,862
Tomato paste, canned	8,041,000	1,256,003
Total, Section 6	84,186,000	14,744,071

Commodity	Quantity (Pounds)	Estimated Cost
Section 32, Removal of Surplus		
Agricultural Commodities:		
Apples, fresh	605,924	\$45,444
Beef, frozen	315,623	114,161
Butter	13,967,612	10,175,405
Cheese, natural	38,058	15,067
Cherries, canned	2,558,293	338,718
Cottonseed oil	436,787	103,562
Eggs, shell	7,868,526	2,843,314
Milk, nonfat dry	11,030,650	2,324,158
Orange juice, concentrated	3,979,451	937,161
Pears, fresh	17,265,530	1,312,180
Pork Products	20,278,018	11,816,418
Turkeys, frozen	38,611,704	21,668,888
Total, Section 32	116,956,176	51,724,476
Grand Total	201,142,176	66,468,547

Table II shows, by State, estimated value of commodities distributed to schools in fiscal year 1953.

5. Significant Factors Affecting Program

A. Federal reimbursement per meal declines.

As stated above, the number of lunches served increased from 1.5 billion in 1952 to 1.6 billion in 1953. This increased participation has resulted in a reduction in the average Federal reimbursement per meal (for all meals served) from 4.5 cents during 1952 to 4.2 cents during 1953. For the same period the rate for complete Type A meals declined from 5.5 cents to 5 cents.

B. There was a substantial increase in the amount of surplus commodities donated to school lunch programs. The value of such commodities exceeded \$50,000,000 in 1953 (Section 32 of the Agricultural Adjustment Act) as compared with almost \$17,000,000 in 1952 (Section 32 and Section 416 of the Agricultural Act of 1949). The 1953 surplus commodities represented an average rate per meal of 4 cents as compared with 1.5 cents in 1952.

6. 1954 Activity

A. Participation and number of meals served:

1. Based on preliminary reports, it is estimated that more than 10,000,000 children will participate in the National School Lunch Program this fiscal year.

2. The number of meals to be served is estimated at 1,700,000,000, about 74 percent of which will be complete or Type A meals.

B. Commodities Purchased and Distributed by the Department

Commodity	Quantity (Pounds)	Estimated Cost
Section 6 (July - November):		
Apricots, dried	4,020,000	\$1,496,300
Beans, dry	12,000,000	1,134,500
Orange Juice, concentrated	3,953,465	995,700
Peaches, canned	34,799,709	4,459,000
Peas, green, canned	11,833,700	1,289,700
Peanut butter	5,670,000	1,445,800
Tomatoes, canned	17,527,504	1,775,650
Tomato paste, canned	4,140,000	591,450
Total, Section 6	93,944,378	13,188,100
Section 32 (July-November) 1/		
Beef, frozen	10,930,046	4,481,319
Beef, canned	27,022,298	11,079,142
Butter	19,062,077	14,003,002
Cheese	13,601,640	5,877,269
Cottonseed oil	1,689,717	410,770
Olive oil	526,286	216,040
Honey	2,009,660	401,932
Milk, dried	4,206,603	943,541
Shortening	1,530,294	420,831
Total, Section 32 2/	80,578,621	37,833,846

1/ November report not complete.

2/ It is estimated that before the close of the 1954 fiscal year approximately 320,000,000 pounds of commodities valued at about \$123,000,000 will have been distributed.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

NATIONAL SCHOOL LUNCH PROGRAM

TABLE I

PERCENTAGE OF SCHOOLS AND CHILDREN PARTICIPATING
Fiscal Year 1953

State	Elementary and Secondary Schools			Children in Elementary and Secondary Schools		
	Total	Number	Percent	Total	Number	Percent
	Number 1/	Participating 2/	Participation	Enrollment 1/	Participating 2/	Participation
Alabama	4,101	1,378	33.6	698,190	268,767	38.5
Arizona	580	271	46.7	152,113	59,690	39.2
Arkansas	2,645	930	35.2	437,073	163,754	37.5
California	4,848	2,949	60.8	2,003,631	626,196	31.3
Colorado	1,871	512	27.4	258,384	63,163	24.4
Connecticut	1,103	353	32.0	348,483	58,897	16.9
Delaware	233	84	36.1	57,019	11,962	21.0
District of Columbia	225	178	79.1	114,190	43,666	38.2
Florida	2,013	855	42.5	497,092	225,658	45.4
Georgia	4,013	1,403	35.0	745,326	287,510	38.6
Idaho	853	393	46.1	127,764	45,897	35.9
Illinois	5,466	3,150	57.6	1,515,398	547,668	36.1
Indiana	3,455	1,061	30.7	780,661	225,196	28.8
Iowa	7,819	1,128	14.4	543,784	174,527	32.1
Kansas	4,728	867	18.3	384,078	82,780	21.6
Kentucky	5,551	1,214	21.9	613,171	214,791	35.0
Louisiana	2,431	1,641	67.5	587,286	410,045	69.8
Maine	1,784	560	31.4	194,721	53,801	27.6
Maryland	1,302	679	52.2	417,808	147,739	35.4
Massachusetts	2,837	1,898	66.9	831,026	339,445	40.8
Michigan	5,293	2,139	40.4	1,257,052	386,274	30.7
Minnesota	6,107	1,317	21.6	576,071	234,607	40.7
Mississippi	4,877	1,049	21.5	546,341	183,950	33.7
Missouri	7,545	2,159	28.6	762,777	231,301	30.3
Montana	1,490	240	16.1	118,929	27,844	23.4
Nebraska	5,677	437	7.7	261,503	50,757	19.4
Nevada	210	64	30.5	27,166	6,943	25.6
New Hampshire	648	277	42.7	98,612	24,201	24.5
New Jersey	2,326	1,135	48.8	857,233	216,559	25.3
New Mexico	903	268	29.7	172,472	37,369	21.7
New York	8,345	3,258	39.0	2,490,775	947,327	38.0
North Carolina	3,895	1,492	38.3	917,329	429,375	46.8
North Dakota	3,349	625	18.7	127,730	41,159	32.2
Ohio	5,030	1,744	34.7	1,445,032	372,771	25.8
Oklahoma	2,963	1,653	55.8	466,103	145,873	31.3
Oregon	1,454	596	41.0	279,108	87,799	31.5
Pennsylvania	8,810	2,660	30.2	1,949,008	374,946	19.2
Rhode Island	483	105	21.7	139,449	16,880	12.1
South Carolina	3,732	1,231	33.0	507,830	209,422	41.2
South Dakota	3,758	235	6.3	131,280	21,738	16.6
Tennessee	4,954	1,874	37.8	691,799	273,285	39.5
Texas	7,829	2,383	30.4	1,490,240	367,067	24.6
Utah	521	340	65.3	165,019	65,011	39.4
Vermont	940	265	28.2	73,301	21,109	28.8
Virginia	3,467	1,243	35.9	623,282	214,791	34.5
Washington	1,689	861	51.0	445,386	118,259	26.6
West Virginia	4,463	1,475	33.0	453,527	130,690	28.8
Wisconsin	7,148	1,855	26.0	642,078	188,078	29.3
Wyoming	709	120	16.9	62,509	17,265	27.6
Total, Continental:						
United States	166,473	54,604	32.8	29,086,139	9,493,802	32.6
TERRITORIES:						
Alaska	104	11	10.6	16,961	1,519	9.0
Hawaii	213	164	77.0	117,093	74,240	63.4
Puerto Rico	2,161	2,037	94.3	462,518	220,770	47.7
Virgin Islands	35	35	100.0	3/ 7,620	4,565	59.9
Total, Territories:	2,513	2,247	89.4	604,192	301,094	49.8
U.S. & TERRITORIES	168,986	56,851	33.6	29,690,331	9,794,896	33.0

1/ Source: U.S. Office of Education. Public school enrollment data for 1950-51. Private school enrollment data and number of public and private schools for 1949-50. 2/ November 1952. The number of schools and children may have been higher in some States during other months, but November was the peak month in terms of children participating nationally. 3/ Includes private school data for 1951.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

TABLE II

Estimated Value of Commodities Distributed to School Lunch Programs
Fiscal Year 1953

State	Section 6	Section 32	Total
Alabama	\$532,275	\$1,688,676	\$2,220,951
Arizona	105,636	370,762	476,398
Arkansas	348,251	1,196,830	1,545,081
California	698,022	3,373,274	4,071,296
Colorado	129,657	451,349	581,006
Connecticut	125,891	324,706	450,597
Delaware	19,492	112,288	131,780
District of Columbia	12,388	102,835	115,223
Florida	363,332	1,027,056	1,390,388
Georgia	578,453	1,517,659	2,096,112
Idaho	87,060	262,153	349,213
Illinois	550,563	2,859,463	3,410,026
Indiana	278,237	644,560	922,797
Iowa	271,743	905,246	1,176,989
Kansas	178,149	664,061	842,210
Kentucky	408,444	1,364,417	1,772,861
Louisiana	696,487	2,948,334	3,644,821
Maine	74,194	187,084	261,278
Maryland	149,222	423,503	572,725
Massachusetts	217,970	1,328,055	1,546,025
Michigan	374,313	1,525,374	1,899,687
Minnesota	451,238	1,312,082	1,763,320
Mississippi	345,533	1,034,517	1,380,050
Missouri	425,583	1,436,297	1,861,880
Montana	57,120	119,563	176,683
Nebraska	70,577	368,247	438,824
Nevada	7,190	45,632	52,822
New Hampshire	49,414	170,533	219,947
New Jersey	188,362	830,306	1,018,668
New Mexico	81,757	458,597	540,354
New York	762,166	2,799,433	3,561,599
North Carolina	731,114	2,223,214	2,954,328
North Dakota	72,974	212,543	285,517
Ohio	592,482	2,476,201	3,068,683
Oklahoma	343,459	1,106,714	1,450,173
Oregon	170,735	451,324	622,059
Pennsylvania	428,503	1,669,243	2,097,746
Rhode Island	29,239	104,584	133,823
South Carolina	421,248	1,190,884	1,612,132
South Dakota	40,136	180,767	220,903
Tennessee	601,428	1,934,413	2,535,841
Texas	853,944	2,810,361	3,664,305
Utah	132,402	426,760	559,162
Vermont	41,506	117,193	158,699
Virginia	342,386	1,137,715	1,480,101
Washington	279,799	950,580	1,230,379
West Virginia	246,671	639,198	885,869
Wisconsin	191,390	816,892	1,008,282
Wyoming	32,962	128,286	161,248
Total, Continental United States	14,191,097	50,429,764	64,620,861
Territories:			
Alaska	2,458	12,497	14,955
Hawaii	136,999	367,633	504,632
Puerto Rico	401,506	861,777	1,263,283
Virgin Islands	12,011	52,805	64,816
Total, Territories ...	552,974	1,294,712	1,847,686
GRAND TOTAL	\$14,744,071	\$51,724,476	\$66,468,547

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

Purpose Statement

Under Section 32 of the Act approved August 24, 1935, as amended (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts during each calendar year and any unused balances up to \$300,000,000 are available for the removal from the market of agricultural surpluses and for administration of marketing agreements and orders. The Agricultural Act of 1949 requires that this fund be used principally for perishable agricultural commodities. During the fiscal year 1953, sixty-two percent of the funds used for surplus commodity operations was for perishables.

Direct purchases - Surplus agricultural commodities, generally perishables, are purchased and distributed to the School Lunch Program, charitable institutions serving needy persons and persons certified by welfare agencies as eligible for relief.

Encouragement of exportation - Differential payments are made to enable exporters to purchase surplus commodities on the domestic market and sell them on the world market at competitive world prices.

Diversion to byproducts and new uses - Differential payments are made to enable processors to purchase surplus commodities on the domestic market, divert them to byproducts and new uses, and sell them at prices comparable to competing products, thus creating new markets for surplus commodities.

Surplus removal operating expenses - These expenses are mainly in connection with purchasing, distribution, exporting, and diverting surplus commodities. In addition, supervisory assistance is furnished local and State groups on the preservation of surpluses for year-round use, and in cooperation with the food trade, press and radio, greater consumption of abundant foods is encouraged.

Marketing agreements and orders - Voluntary arrangements between the Secretary and handlers of farm products are put into effect upon request from the industry after hearings, investigations, and referenda among producers, and serve to strengthen prices by establishing and maintaining orderly marketing conditions. Orders are in effect for milk, tobacco, tree fruits, tree nuts, and vegetables. Administration at the local level is financed by assessments upon handlers.

Foreign market promotion - Maintaining and expanding foreign markets for U. S. farm products are encouraged by (1) providing first-hand information on market situations, (2) negotiating with foreign governments in matters relating to international trade, and (3) placing U. S. exporters in contact with foreign importers.

Import controls - Importation of commodities which render ineffective, or tend to interfere with, programs carried out by the Department of Agriculture, is investigated and recommended action with respect thereto is proposed.

These funds are also used for administration of import controls on designated agricultural commodities.

Estimated
Available,
1954

Budget
Estimate,
1955

Appropriated funds

(Permanent Appropriation)

a/ \$169,954,002

\$180,000,000

a/ Excludes \$2,463,341 transferred to other appropriations for penalty mail costs.

(e) Removal of Surplus Agricultural Commodities
(Section 32)

Appropriation, 1954, and base for 1955	\$172,417,343
Transfers pursuant to Public Law 286 for penalty mail to:	
"Salaries and expenses, Library, Agriculture"	\$8,000
"Salaries and expenses, Office of Information"	3,500
"Salaries and expenses, Extension Service"	812,357
"Agricultural adjustment programs, Commodity Stabilization Service"	684,484
"Salaries and expenses, marketing services, Production and Marketing Administration"	955,000
Base for 1955	169,954,002
Budget Estimate, 1955	180,000,000
Increase (in annual permanent appropriation for Section 32 purposes)	a/+10,045,998

Note: Due to an estimated carryover of \$241,194,002 from fiscal year 1954, a total of \$421,194,002 is estimated to be available for Section 32 purposes in the fiscal year 1955. Of this total, the estimates tentatively forecast obligations of \$244,660,000 for the fiscal year 1955—an increase of \$15,900,000 compared with 1954—which would result in a carry-over of \$176,534,002 into the fiscal year 1956.

SUMMARY OF INCREASES AND DECREASES, 1955
(on the basis of available funds)

Net increase for surplus removal operations	+\$15,600,000
Decrease in surplus removal operating expenses	-50,236
Increase to place on a full-year basis the expanded program for development of foreign market outlets for surpluses of American agricultural commodities	+350,000
Increase for penalty mail costs	+236

a/ The increase, compared with the 1954 appropriation before making transfers totaling \$2,463,341 to other agencies for penalty mail costs pursuant to Public Law 286, is \$7,582,657.

PROJECT STATEMENT

Project	1953	1954 (Estimated)	Increases or Decreases	1955 (Estimated)
1. Direct purchases	\$58,727,187	\$208,675,000	+\$14,250,000(1)	\$222,925,000
2. Encouragement of exportation	11,674,826	16,150,000	-1,000,000(1)	15,150,000
3. Diversion to byprod- ucts and new uses	1,157,892	80,000	+2,350,000(1)	2,430,000
4. Surplus removal operating expenses	1,934,791	2,008,611	-50,236(2)	1,958,375
5. Marketing agreements and orders	1,187,313	1,200,000	-	1,200,000
6. Foreign market promotion	60,211	450,000	+350,000(3)	800,000
7. Import controls	53,318	196,389	+236	196,62
Costs under Penalty Mail Act (P. L. 286)	[- -]	[24,875]	[+6,125]	[31,000]
Total obligations	74,795,538	228,760,000	15,900,000	244,660,000
Balance available in subsequent year	327,440,518	241,194,002	64,660,000	176,534,002
Total available for Section 32 purposes	402,236,056	469,954,002	-48,760,000	421,194,002
1953 balance returned to Treasury	-	27,440,518	-27,440,518	-
Transferred pursuant to P. L. 286 for penalty mail costs	-	2,463,341	-2,463,341	-
Prior year balance available	221,195,744	-327,440,518	+86,246,516	-241,194,002
Total appropriation or estimate	181,040,312	172,417,343	+7,582,657	180,000,000

INCREASES AND DECREASES

- (1) A net increase of \$15,600,000 in program activity is estimated for projects 1, 2 and 3.

The extent to which this appropriation will be required for surplus removal operations and the breakdown among these three projects will depend upon weather conditions and the volume of agricultural production in this country and foreign countries, economic conditions generally, the extent of local market gluts, and many other complex and unpredictable factors.

Often the fact that these funds are available strengthens the market so that actual program operations are unnecessary. For example, early in the fiscal year 1952 a program was approved for the purchase of approximately 28,000,000

pounds of turkeys, totaling close to \$15,000,000. Upon announcement of the program, the downward trend in turkey prices halted and prices then gradually increased to about 90% of parity, eliminating any need for Government activity. In other instances, an emergency program develops where funds must be used immediately to prevent disastrous effects to farm prices and income. For example, on June 23, 1953 it was estimated that approximately \$40,000,000 would be used to purchase beef during fiscal year 1954. Ten days later, July 3, 1953, it was necessary to place into operation an emergency program for the purchase of 180,000,000 pounds of beef, totaling approximately \$72,000,000. On November 15, 1953 the estimates were again increased and as of December 31, 1953 actual purchases totaled 220,000,000 pounds costing approximately \$84,300,000.

In order to make funds available to meet such emergencies, and in recognition of the unpredictable factors involved in the use of these funds, Congress has provided for the accumulation of unused balances to \$300,000,000, in addition to the annual permanent appropriation. The following table reflects the total funds available and balances carried forward for fiscal years 1953, 1954, and 1955:

	<u>1953</u>	<u>1954</u>	<u>1955</u>
Balance from prior year	\$221,195,744	300,000,000	241,194,002
Appropriation or estimate	181,040,312	172,417,343	180,000,000
Transfers for penalty mail	--	-2,463,341	--
Total available	<u>402,236,056</u>	<u>469,954,002</u>	<u>421,194,002</u>
Obligations	-74,795,538	228,760,000	244,660,000
Returned to the Treasury	-27,440,518	--	--
Balance carried forward to subsequent year	<u>300,000,000</u>	<u>241,194,002</u>	<u>176,534,002</u>

In further recognition of the importance of these funds to the agricultural economy Congress has also provided that these funds are to be used principally for perishable nonbasic agricultural commodities. Approximately 72% of the fund requirements for the fiscal year 1955 is to be used for perishables.

The breakdown by project is highly tentative since the type of program required can be determined only at the time the surplus develops. The increase proposed is to cover the removal of perishables. These surpluses will be made available for distribution through the school lunch program and other eligible outlets.

(2) A decrease of \$50,236 for surplus removal operating expenses.

It is contemplated that adjustments in the costs of handling purchase operations in the removal of surplus agricultural commodities will result in a reduction of this amount.

- (3) An increase of \$350,000 for foreign market promotion to enable the Department, through the Foreign Agricultural Service, to put on a full year basis the expanded program for development of foreign market outlets for surplus and potential surpluses of American agricultural commodities.

Need for Increase:

Production of agricultural commodities in the United States is continuing at a high level while exports have declined, resulting in the development of actual and potential surpluses of serious proportions. In the case of wheat and cotton, it has become necessary to proclaim marketing quotas under existing legislation. Because of surpluses, marketing quotas are now and have been in effect for several years on most types of tobacco. A substantial portion of the foreign markets for U. S. fruits and vegetables has been lost, and regaining and expanding those markets is necessary for the movement of production which cannot be marketed for domestic use. A similar situation exists with respect to some livestock products, especially dairy, and to fats and oils.

Not only are the maintaining, regaining, and expanding of foreign markets for United States agricultural products important as a means of meeting the problem of surplus and potential surpluses of production, but they are necessary to the maintenance of a sound national economy in the interest of U. S. farm people, business and service organizations, and the public generally. Stepping up international trade can contribute to the solution of the world's farm and food problems and the establishment of peace and stability among the nations of the world.

Since the 1954 estimates were submitted to the Congress, actual or potential surpluses of various agricultural commodities have become more aggravated. In the meantime, plans and programs for meeting the problem of agricultural surpluses were further developed, and the new Foreign Agricultural Service was organized to give major emphasis to the solution of this problem. In order that the Department could start taking aggressive action immediately to solve this problem, the allotment for this work was increased during the current fiscal year from \$200,000 to \$450,000. The increased allotment indicated for 1955 will enable the Foreign Agricultural Service to put this expanded program on a full year basis.

Plan of Action

Specialists in surplus or potentially surplus American farm commodities will travel to foreign countries to develop and expand markets for United States agricultural products by working with importers, exporters, and country officials. They will study the foreign commodity situation, including the kinds and volume of products marketed, marketing methods and costs, consumption of particular commodities, policies affecting foreign trade in agricultural

commodities, and prepare for distribution information on the foreign market situation and outlook, as well as report verbally on these matters to exporters and others concerned.

The principal types of marketing development activity to be carried out include (1) negotiating with foreign governments and traders in matters relating to market preferences, trade restrictions, foreign exchange, and discrimination against American farm products; (2) providing first hand information to American agricultural exporters and importers on market situations and trade opportunities; (3) bringing together American exporters and foreign importers under conditions favorable to trade; (4) analyzing and interpreting commodity and trade information for dissemination to American agriculture; and (5) providing a comprehensive appraisal of foreign production and competition as related to surplus or potential surplus commodities.

The first part of the paper discusses the importance of the study and the objectives of the research. It also mentions the scope of the study and the limitations. The second part of the paper discusses the methodology used in the study. It mentions the data sources and the statistical methods used. The third part of the paper discusses the results of the study. It mentions the findings and the conclusions. The fourth part of the paper discusses the implications of the study. It mentions the policy recommendations and the future research. The fifth part of the paper discusses the conclusion of the study. It mentions the overall findings and the final thoughts.

STATUS OF PROGRAM

Current Activities: This appropriation is available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

- (a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.
- (b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.
- (c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

These funds are used for the administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products. They are also used to promote foreign markets for surplus and potential surplus agricultural commodities, and to administer import programs under Section 22 of the Agricultural Adjustment Act of 1933, as amended.

These programs directly or indirectly tend to maintain prices received by farmers for many commodities.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable nonbasic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool, including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

Recent progress and trends:

A. Purchases of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1953, approximately 124 million pounds of agricultural commodities at a cost of \$56,695,811 were purchased for distribution through authorized agencies. Distribution was made by 76 agencies to the following participants:

- (1) 9,173,000 school children
- (2) 1,252,000 persons in eligible institutions
- (3) 75,000 individual welfare recipients

2. Quantity and Cost of Commodities Purchased for Distribution during Fiscal Years 1952 and 1953

Commodity	Unit	1952		1953	
		Quantity	Value	Quantity	Value
Dairy products:					
Butter	lb.	-	\$ -	23,301,360	\$ 16,974,184
Cheese	lb.	-	-	1,808,495	715,987
Milk	lb.	20,763,885	4,175,294	20,733,645	4,368,885
Fruits:					
Apples, fresh	bu.	1,513,074	3,251,971	34,314	108,089
Cherries, canned...	case	-	-	85,370	347,288
Pears, fresh	box	-	-	557,984	1,925,516
Orangejuice, conc..	gal	2,337,483	4,464,189	398,044	934,263
Honey	lb.	15,583,530	3,199,724	7,000,000	1,402,500
Livestock products:					
Beef	lb.	-	-	3,821,000	1,382,188
Bacon	lb.	3,026,774	1,389,323	-	-
Picnic Hams	lb.	3,958,090	1,945,052	-	-
Smoked Hams	lb.	16,298,016	10,558,853	-	-
Oils:					
Cottonseed oil	gal.	-	-	500,003	912,854
Olive oil	gal.	-	-	142,000	442,616
Pecans	lb.	3,312,413	2,490,387	-	-
Poultry products:					
Eggs	case	227,618	3,701,380	-	-
Turkeys	lb.	-	-	48,435,401	27,181,441
Vegetables:					
Beans, dry	lb.	134,000	11,698	-	-
SubTotal		xxx	35,187,871	xxx	56,695,811
Adjustments <u>1/</u>		xxx	-2,031,376	xxx	+2,031,376
Total		xxx	33,156,495	xxx	58,727,187

1/ The increase in fiscal year 1953 reflects primarily the costs incurred in distributing commodities purchased too late in fiscal year 1952 for distribution in that fiscal year. In order to show the total amount used under an authorized program, adjustments in obligations, by commodity, are reflected in the fiscal year in which the programs were effective rather than in the fiscal year in which the adjustments were recorded.

B. Quantity of Commodities Exported and Payments Made During Fiscal Years 1952 and 1953

Commodity	Unit	1952		1953	
		Quantity	Value	Quantity	Value
Fruits:					
Apples, dried	ton	3,018	\$ 315,198	-	\$ -
Apples, fresh	bu.	2,783,829	3,570,017	-	-
Citrus juice, blend.....	case	15,669	11,568	72,477	47,66
Citrus salad	case	35	40	307	26
Grapefruit, fresh	box	165,192	152,137	162,684	125,50
Grapefruit/Oranges, cnd.	case	50	65	-	-
Grapefruit juice, conc..	gal.	10,161	9,641	50,832	42,85
Grapefruit, canned	case	2,023	2,335	8,370	8,48
Grapefruit juice, s.s. .	case	147,568	90,611	289,309	168,44
Lemons, fresh	box	182,367	295,973	61,322	98,80
Lemon juice, s.s.	case	491	651	370	62
Oranges, fresh	box	2,601,779	3,761,727	3,396,625	4,393,55
Orange juice, conc.....	gal.	60,530	79,129	434,863	378,93
Orange juice, s.s.	case	249,427	189,444	368,447	277,30
Pears, fresh	box	446,830	578,456	-	-
Prunes, dried	ton	51,206	2,958,199	645	14,70
Raisins, dried	ton	68,767	4,091,847	89,086	4,587,41
Honey	lb.	14,616,694	648,015	35,649,878	1,530,26
Total		xxxx	16,755,053	xxxx	11,674,82

C. Quantity of Commodities Diverted and Payments Made During Fiscal Years 1952 and 1953

Commodity	Unit	1952		1953	
		Quantity	Value	Quantity	Value
Figs	lb.	-	-	1/	400,000
Honey	lb.	-	-	380,000	16,350
Tree nuts	lb.	4,274,667	986,080	3,250,000	1,040,000
SubTotal.....		xxx	986,080	xxx	1,456,350
2/ Adjustments		xxx	+298,458	xxx	-298,458 2
Total		xxx	1,284,538	xxx	1,157,892

1/ No actual diversion was accomplished. Cancellation of contracts will be recorded in Fiscal Year 1954.

2/ The decrease in fiscal year 1953 reflects cancellation of obligations in the fiscal year 1952 programs. In order to show the total amount used under an authorized program, adjustments in obligations are reflected, by commodity, in the fiscal year in which the programs were effective rather than the fiscal year in which the adjustments were recorded.

D. Food Preservation and Marketing of Abundant Foods:

The work performed under this program supplemented the direct distribution program by (1) furnishing assistance and advice in the preservation of foods and in the operation of preservation centers and (2) encouraging the consumption of plentiful foods through normal channels of trade.

1. Food Preservation Program

(a) Surplus Foods During Fiscal Years 1952 and 1953 by Local Preservation Centers for Redistribution in Processed Form to Schools and Other Outlets

Commodity	Fiscal Year - 1952 Pounds	Fiscal Year- 1953 Pounds
Apples	3,754,099	302,375
Pears	-	8,453,852
Turkeys	-	50,552 1/
Total	3,754,099	8,806,779

1/ Frozen ready-to-cook turkeys allocated to the School Lunch program in one State were processed by the School Lunch Agency to facilitate their distribution. In addition to processing Federally donated commodities, institutional facilities were used extensively to process locally purchased produce. In Oklahoma, for example, such facilities were used to process 100 tons of beets, 100 tons of carrots, 125 tons of cabbage, 75 tons of spinach, 75 tons of turnip greens, and 80 tons of tomatoes for distribution to all institutions in the State.

(b) Assistance and Advice Furnished to Non-profit Food Preservation Centers during Fiscal Years 1952 and 1953

	Fiscal Year 1952 Number	Fiscal Year 1953 Number
Workshops conducted on boning ham.	-	48
Technical assistance furnished in improving cannery techniques....	143	456
Workshops conducted in food preservation training	65	60
Plant surveys performed	120	109
Floor plans and equipment drawings developed and used	83	39

2. Marketing of Abundant Foods

Projects	Fiscal Year 1952 Number	Fiscal Year 1953 Number
Average number of foods listed on monthly abundant foods list..	17	19
Distribution of monthly abundant foods list	22,117	25,935
National food drives conducted....	9	5
Area, State and local food drives conducted	25	30

E. Marketing Agreements and Orders

Marketing agreements and orders were in effect during fiscal years 1952 and 1953 for (1) milk; (2) tree nuts, tree fruits, potatoes and other vegetables and (3) tobacco as follows:

1. Activities under the Milk, Fruit and Vegetable and Tobacco Agreement and Order Programs During Fiscal Year 1952 and 1953

	Dairy		F & V		Tobacco	
	1952	1953	1952	1953	1952	1953
Agreement and order programs in effect	49	54	26	25	1	1
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	46	49	3	7	-	-
Requests received for new programs	16	16	2	2	-	-
Amendments issued to existing orders	39	43	1	3	-	-
Suspensions issued to existing orders	11	11	3	-	-	-
Petitions received for review of various order provisions	19	21	1	-	-	-
Petitions disposed of during the year	11	11	4	-	-	-
Court cases started during the year	16	16	33	20	-	-
Court cases disposed of during the year	18	21	31	22	-	-
Hearings held under Administrative Procedures Act	-	4	4	7	1	-
Applications reviewed from cooperatives for qualifications to participate under the Act	25	27	-	-	-	-
Cases disposed of under the Act	42	43	-	-	-	-
Regulatory orders issued under provisions of marketing order			249	167	1	-
Appointment of administrative or control committees			41	33	1	1
Promulgation of committee rule making			27	35	1	-
Budgets analyzed and approved	49	54	55	46	1	1
Investigation of alleged violations	-	-	193	166	-	-
Cases referred to Dept. of Justice for prosecution	9	10	56	129	-	-
Recodification of Agreements and Orders	-	-	10	2	-	-
Administrative Decisions issued	49	55	3	2	-	-
Secretary's Decisions issued	71	80	6	5	-	-
Secretary's Referendum Orders issued	-	-	4	6	-	-

2. Marketing Agreement and Order Programs in effect
for Fluid Milk during Fiscal Year 1953

State	Markets	Estimated Number of Producers	Est. Amount of Pooled Milk (pounds)
	City		
Arkansas	Fort Smith	262	28,510
Illinois	Chicago, Quad Cities; Grade A; Rockford-Freeport	24,660	4,332,792
Indiana	Fort Wayne; South Bend-LaPorte	2,139	220,103
Iowa	Cedar Rapids-Iowa City; Dubuque; Sioux City	1,568	216,683
Kansas	Neosho Valley; Topeka, Wichita	2,217	264,165
Kentucky	Louisville; Paducah	2,523	288,750
Louisiana	New Orleans	2,828	252,693
Massachusetts	Boston; Fall River; Lowell-Lawrence; Springfield; Worcester	16,463	2,051,241
Michigan	Detroit	12,576	1,525,308
Minnesota	Duluth-Superior; Minneapolis-St Paul	7,099	859,775
Missouri	Kansas City; Springfield; St. Louis	8,054	998,363
Nebraska	Omaha-Council Bluffs	2,232	227,906
New York	New York	49,471	7,455,922
Ohio	Cincinnati; Cleveland; Columbus; Dayton- Springfield; Lima; Stark County; Toledo; Tri-State; Huntington District Plants; Other Plants	23,791	2,279,319
Oklahoma	Muskogee; Oklahoma City; Tulsa	2,544	321,151
Pennsylvania	Philadelphia	8,199	1,126,118
South Dakota	Sioux Falls-Mitchell	288	41,799
Tennessee	Knoxville; Memphis; Nashville	2,952	410,482
Texas	Central West Texas; North Texas; San Antonio	4,021	792,630
Washington	Puget Sound	3,511	633,511
Wisconsin	Milwaukee	3,011	457,776
	Total, 49 Markets	180,409	24,784,998

3. Marketing Agreement and Order Programs in Effect for
Tobacco During Fiscal Year 1953

Type of Commodity	Est. No. of Commercial Producers	Estimated Farm Values
Type 62 Shade Grown Cigar-Leaf Tobacco	364	\$9,000,000.00

4. Fruit and Vegetable Marketing Agreement and Order
Programs in Effect During Fiscal Year 1953

	Est. No. of Commercial Producers	Estimated Farm Values (dollars)
<u>Citrus fruits:</u>		
California-Arizona desert grapefruit	2,000	4,576,000
California-Arizona lemons	6,100	39,984,000
(a) Florida oranges .....	(	125,216,000
(a) Florida grapefruit	(15,000	34,125,000
(a) Florida tangerines .....	(	8,673,000
<u>Deciduous fruits:</u>		
California Tokay grapes	1,900	10,990,000
Colorado peaches	2,000	4,014,000
Georgia peaches	750	7,547,000
Utah peaches	1,300	1,166,000
(b) California Bartlett pears	1,200	18,033,000
(b) California plums	900	13,038,000
(b) California Elberta peaches	500	9,363,000
California Beurre Hardy pears	300	696,000
Oregon-Washington-California fall and winter pears	2,350	17,717,000
<u>Dried fruits:</u>		
California dried prunes	7,300	29,295,000
California raisins	9,000	44,660,000
<u>Vegetables:</u>		
(a) Colorado peas	100	315,000
(c) Colorado cauliflower	125	616,000
<u>Potatoes:</u>		
Idaho-Oregon	10,900	70,752,000
Colorado	3,200	34,034,000
Oregon-California	2,300	18,300,000
Virginia-North Carolina	3,800	7,722,000
Eastern South Dakota	300	2,075,000
Washington	1,500	19,721,000
New England except Maine	1,300	17,230,000
<u>Nuts:</u>		
California almonds	8,500	16,379,000
Oregon-Washington filberts	5,000	3,456,000
Southeastern pecans	20,500	14,593,000
California-Oregon-Washington walnuts	16,000	33,213,000
<u>Hops:</u>		
California-Oregon-Washington-Idaho hops	850	23,608,000
Total, 26 orders	xxx	631,107,000

(a), (b), (c) - one order each respectively.

F. Foreign Market Promotion

During the fiscal year 1953, substantial progress was made in bringing together the much needed data on international trade in cotton, grains, fats and oils, dairy products, dried foods, and dried edible beans. The basic information made it possible to prepare and release a number of reports on the grain trade of the principal exporting countries, the trade situation with respect to dairy products in Europe and Latin America, and recent trends in world trade in fats and oils.

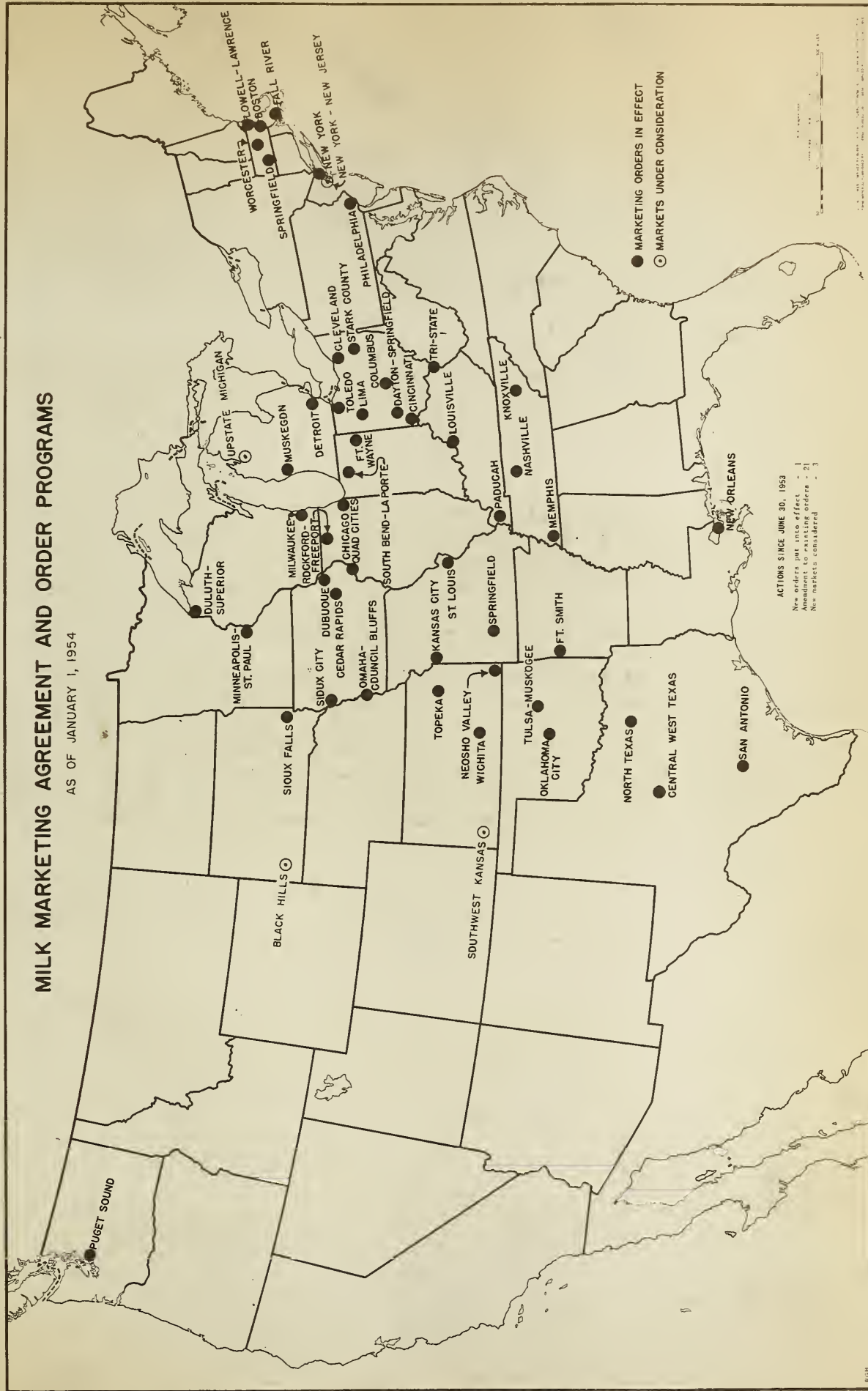
G. Import Controls

Activities under Section 22 of the AAA of 1933 as amended and Section 8 of the Trade Agreement Extension Act of 1951 during fiscal years 1952 and 1953.

	<u>1952</u>	<u>1953</u>
Number of commodities on which investigations were made	9	10
Investigations conducted accompanied by detailed dockets, which resulted in rejection by the Secretary	2	2
Investigations conducted, accompanied by detailed dockets, which resulted in recommendations to the President	1	5
Statements and testimonies prepared for Tariff Commission hearings	4	6
Tariff Commission hearings attended and briefs prepared	2	4
Tariff Commission recommendations to President reviewed	2	7

MILK MARKETING AGREEMENT AND ORDER PROGRAMS

AS OF JANUARY 1, 1954

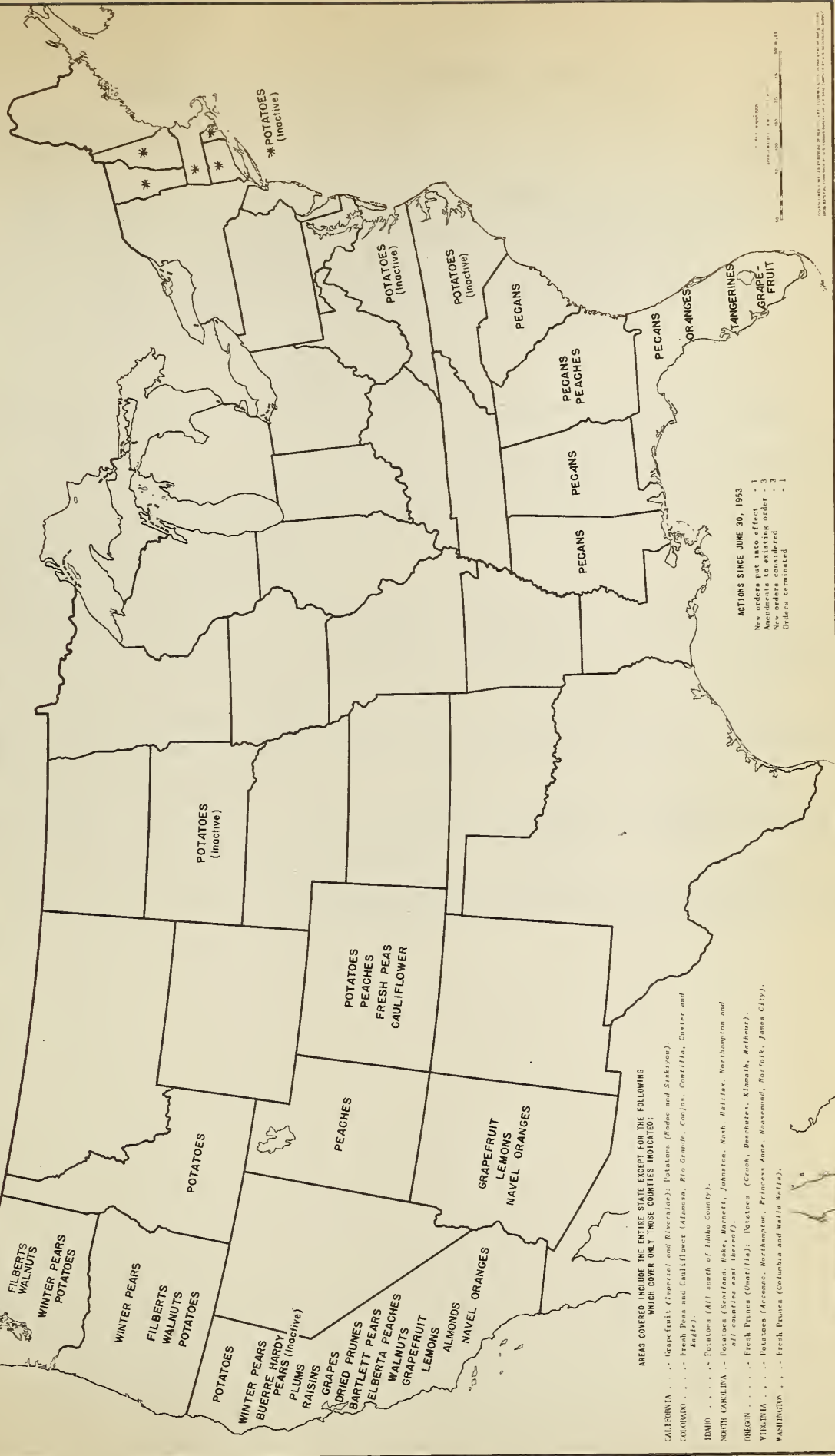


● MARKETING ORDERS IN EFFECT
○ MARKETS UNDER CONSIDERATION

ACTIONS SINCE JUNE 30, 1953
New orders put into effect - 1
New markets considered - 1
New markets considered - 3

FRUIT, VEGETABLE, AND TREE NUT MARKETING AGREEMENTS AND ORDERS

AS OF JANUARY 1, 1954



ACTIONS SINCE JUNE 30, 1953
 New orders put into effect . . . 1
 Amendments to existing orders . . . 3
 Orders terminated . . . 3
 Orders terminated . . . 1

(f) Perishable Agricultural Commodities Act Fund

Appropriation Act, 1954, and base for 1955	\$410,000
Budget Estimate, 1955	<u>410,000</u>

Note: Due to an estimated carryover of \$261,116 from fiscal year 1954, a total of \$671,116 is estimated to be available for administration of these Acts in fiscal year 1955. Of the total, the estimates tentatively forecast obligations of \$421,800 for fiscal year 1955, leaving a carryover of \$249,316 into fiscal year 1956.

PROJECT STATEMENT

Project	1953	1954	Increase or Decrease	1955
		(estimated)		(estimated)
Licensing dealers and handling	:	:	:	:
complaints under the Perish-	:	:	:	:
able Agricultural Commodities;	:	:	:	:
Produce Agency, and Export	:	:	:	:
Apple and Pear Acts	\$400,338:	\$420,987:	+\$813:	\$421,800
Prior year balance available .	-243,602:	-272,103:	+20,987:	-261,116
Balance available in subsequent:	:	:	:	:
year	+272,103:	+261,116:	-11,800:	+249,316
Costs under Penalty Mail Act	:	:	:	:
(P. L. 286)	[- -]:	[5,987]:	[+813]:	[6,800]
Total appropriation or estimate:	428,839:	410,000:	- -:	410,000

STATUS OF PROGRAM

Current Activities: The purpose of this special fund, into which license fees are deposited to cover the expenses of this program, provides for the protection of producers, distributors, consumers, and others, from unfair and fraudulent practices in the marketing of perishable agricultural commodities; prevents destruction, or dumping of farm products and promotes foreign trade in apples and pears. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of the contract; false or misleading statements, and misbranding, etc. are prohibited.

All commission merchants, dealers and brokers handling fresh or frozen fruits and vegetables in interstate or foreign commerce must be licensed.

Anyone financially interested in a transaction covered by the law may request the assistance of the Department. The Department will promptly communicate with the other party, make necessary investigation, endeavor to bring about an amicable informal settlement, take formal action, if necessary, give each party opportunity to present his side fully, determine the loss or amount of damage to be paid, and if the violation is found to warrant such action, publish the facts and suspend or revoke the offender's license. Much of the evidence is supplied by the inspection certificate, as the majority of the cases involve questions of quality and condition.

Activities under these Acts include licensing, collection of fees, and investigation and handling complaints and violations.

Financing:

Pursuant to the amendment of the Perishable Agricultural Commodities Act effective June 15, 1950, annual license fees of \$15.00, together with arrearage fees, are deposited into a special fund from which all expenses, except legal services, for administration of the Perishable Agricultural Commodities, Produce Agency, and violations of the Export Apple and Pear Act are paid.

Prior to this amendment the annual license fees of \$10.00 and arrearage fees were deposited to Miscellaneous Receipts of the Treasury and the administration of the Acts was financed under the Marketing Services appropriation.

Revenue collected and obligations incurred during the past four years are as follows:

	Revenue Collected and Obligations Incurred			
	Fiscal Years			
	1950	1951	1952	1953
Fees and ar- rearages col- lected.....	\$278,639	\$420,440	\$404,244	\$428,839
Obligations....	a/297,910	332,775	398,307	400,338

a/ Paid from Marketing Services

Examples of Recent Progress and Trends

Licensing:

There were 25,445 licenses in effect at the end of fiscal year 1953 which is an increase of more than 600 over the preceding year. This increase is due largely to a more complete coverage of the heavy producing area of the Southeast. Also, there were fewer terminations and more renewals of licenses already in existence. The licensing activity and number of licenses in effect at the end of each of the past four years are as follows:

Activity	Fiscal Years			
	1950	1951	1952	1953
Licenses renewed.....	18,820	18,736	19,044	19,438
New Licenses issued.....	6,450	5,811	5,764	6,007
Licenses terminated...	6,840	b/ 7,285	5,503	5,370
Total actions.	32,110	31,832	30,311	30,815
In effect June 30.....	25,270	24,547	24,808	25,445

b/ Includes an adjustment of 751 terminations which in error had not been reported in prior years.

Complaints and Reparations:

1. More than 2,400 complaints were filed and 20 cases re-opened during the year. This is a reduction from the all-time high of nearly 2,800 cases during the previous year. The number of cases filed and settled does not fully indicate the value of the regulatory activities. An increased number of cases are now being settled by the industry without resorting to formal proceedings because of the precedents established by Secretary's Orders in previous cases handled under provisions of the Acts. These decisions of the Secretary are published in both summary and digest form and are distributed to the industry and used as the basis for settling disputes informally. Cases now being referred to the Department are of a more complicated nature, and those in which no definite rulings have been made.
2. Continuous effort has been made to reduce the backlog of cases. On June 30, 1953 there were 809 cases pending which is the smallest number since 1947.
3. Amicable settlements were reached in almost 50 percent of the cases closed with about \$1,249,000 paid in favor of the complaining parties. The industry as a whole, considers favorably this method of disposing of their disputes, and in many instances now request arbitration. They willingly sign contracts agreeing to accept as final, and abide by, the decisions rendered. Thousands of dollars are being saved by the produce handlers in adjudicating disputes and eliminating long, drawn-out civil suits. These arbitration cases have substantially the same force and effect as decisions rendered by a judicial officer.
4. Analysis of complaint work--Fiscal Years 1950 through 1953:

	Fiscal Years			
	1950	1951	1952	1953
<u>Complaints:</u>				
On hand beginning of yr.	974	964	922	919
Received or reopened.....	2,732	2,688	2,779	2,431
To be handled	3,706	3,652	3,701	3,350
Informal decisions	164	171	204	201
Informal amicable settlements	1,169	1,278	1,321	1,212
Otherwise closed.....	1,409	1,281	1,257	1,128
Pending June 30	964	922	919	809
<u>Reparations:</u>				
Awarded Formal orders...	\$177,630	\$184,110	\$192,947	\$321,492
Payments - Amicable settlements	878,418	932,420	1,258,558	1,248,709
Total	1,056,048	1,116,530	1,451,505	1,570,201

Produce Agency Cases:

1. 39 cases were filed under the provisions of this Act compared with 46 during the preceding year.
2. Under the one conviction under this Act the defendants were given suspended sentences of twelve months and ordered to make restitution to the growers.
3. No other criminal prosecutions were made under the law as the majority of the cases were disposed of by amicable settlement.

Export Apple and Pear Act:

No violations were reported under this Act during the year. The case pending during 1952 in the United States District Court at Detroit, Michigan was withdrawn in 1953 due to insufficient evidence.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

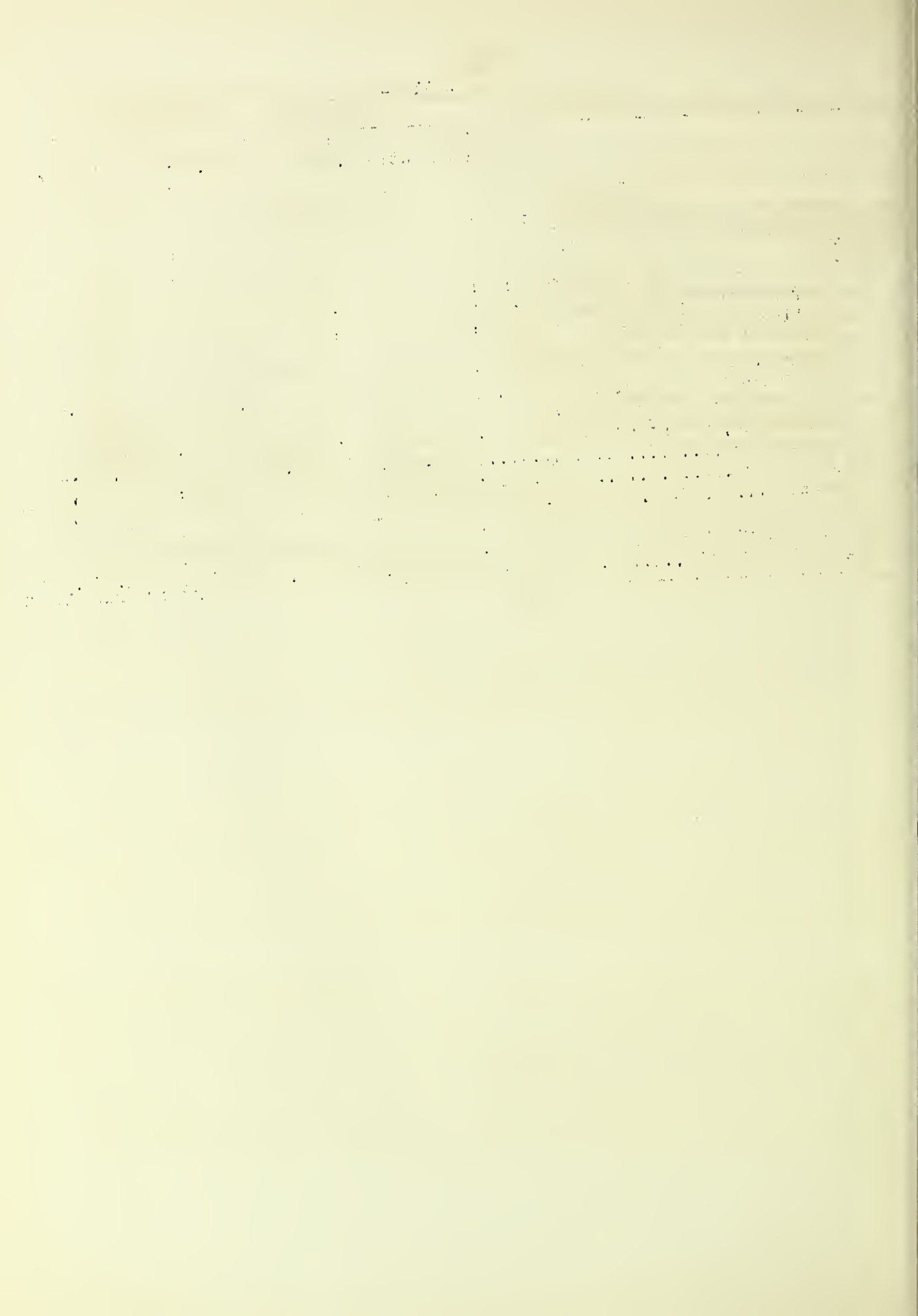
Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Allotments from:			
Salaries and Expenses, Defense			
Production Activities, Agriculture - Special estimates in crop and livestock and price fields	\$26,942:	- -	- -
Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938 - For preparation of basic acreage and production estimates for commodities subject to acreage allotments and marketing quotas	34,760:	280,000	231,000
Total	61,702:	280,000	231,000
Allocations and Working Funds (Advances from other agencies):			
Federal Crop Insurance Corporation - Furnishing cost of production and special crop data for various crops insured by the Federal Crop Insurance Corporation	75,300:	60,000	- -
Commodity Credit Corporation - Collection of data on stocks of rice, beans, and peas, and acreage, yield, production and price data on winter cover crop seeds	46,689:	- -	- -
Department of the Army:			
For investigations and the development of control measures on insects and other arthropods of importance to the Department of Defense	59,257:	12,143	- -
Inspection of fresh and processed fruits and vegetables	446,965:	400,000	- -
Inspection of miscellaneous grain and cereal products	53,917:	64,000	- -
Total, Department of the Army:	560,139:	476,143	- -

(Continued on next page)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Foreign Operations Administration - For expenses in connection with the foreign trainee program	24,577:	43,968	- -
Total, Allocations and Working Funds	706,705:	580,111	- -
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products, Agricultural Marketing Service - Inspection, grading, and certification of:			
Fresh and processed fruits and vegetables	2,364,570:	3,413,500	\$ 3,723,000
Dairy and poultry products	4,195,388:	3,995,200	4,079,200
Rice, hay, beans, peas, seeds, hops, and miscellaneous agricultural commodities	700,096:	622,300	654,000
Meats and wool	4,175,629:	3,669,400	3,175,500
Naval stores	24,409:	21,100	21,200
Cotton seed	- -	- -	35,100
Total	11,460,092:	11,721,500	11,688,000
Miscellaneous Contributed Funds, Department of Agriculture:			
For cooperative research with various contributors on the marketing of fruits and fruit products	47,557:	53,340	53,350
Cooperative investigations on effects of insecticides on stored grains and fumigation as a method of controlling stored products against insects	6,052:	19,895	19,895
Cooperation with the Hop Control Board of Salem, Oregon	1,201:	- -	- -
Cooperation with the Oregon Wheat Commission	503:	671	650
Total	55,313:	73,906	73,895
Total, Trust Funds	11,515,405:	11,795,406	11,761,895

(Continued on next page)

Item	: Obligations, : 1953	: Estimated : obligations, : 1954	: Estimated : obligations, : 1955
Obligations under Reimbursements	:	:	:
from Governmental and Other	:	:	:
Sources:	:	:	:
Marketing Research and Service:	:	:	:
For services rendered cooper-	:	:	:
ating States, county, local,	:	:	:
and private agricultural	:	:	:
marketing agencies and licensed:	:	:	:
tobacco inspectors.....	963,735:	199,000	197,800
For inspection, grading and	:	:	:
classing, and standardization	:	:	:
services	1,561,407:	1,613,750	1,709,295
All other	55,908:	113,350	171,000
Total	2,581,050:	1,926,100	2,078,095
TOTAL, OBLIGATIONS UNDER ALLOTMENTS:	:	:	:
AND OTHER FUNDS	14,864,862:	14,581,617	14,070,990



PASSENGER MOTOR VEHICLES

The 1955 estimates provide for the replacement of 69 passenger cars representing 18 percent of the total of 384 cars available to the Agricultural Marketing Service. These replacements include: (a) 12 cars for marketing research and agricultural estimates activities; (b) 36 cars for marketing service activities; (c) 20 cars for market inspection and related trust fund activities; and (d) 1 for Perishable Agricultural Commodities Act fund activities.

Passenger vehicles are replaced on the basis of justification with respect to mileage and age standards prescribed by the Bureau of the Budget which provide that vehicles to be replaced must be at least six or more years of age or driven 60,000 miles or more, and other factors.

These replacements are necessary for providing essential service under AMS programs as follows: (1) carrying special grading and testing equipment used in connection with required work under U. S. Warehouse Act, Packers and Stockyards Act, U. S. Grain Standards Act, Cotton Classing, Naval Stores Act, Market Inspection of Agricultural Commodities, (2) carrying special crop meter equipment used in connection with surveying crop conditions at farms, and travel in rural areas for collecting crop and livestock estimates, (3) collection of samples for checking and testing under U. S. Grain Standards Act; Cotton Classing Acts; Inspection of Processed Farm Products, (4) carrying boxes of Cotton Standards types used in classing work and demonstrations at farmers' meetings; and for carrying market news releases and related material for distribution at tobacco auction markets and for assistance to farmers in preparing tobacco for market, (5) for travel to places which are in most cases not accessible by common carrier, such as travel to farms, market terminals; offices of produce dealers and truckers; processing plants; canneries; stockyards; tobacco auction markets; cotton gins, plantation, and compress operators; railroad yards; piers; grain elevators; and warehouses.

The cars are assigned to those field offices of the Divisions which require the use of cars in the efficient operation of their programs, after it has been determined that the use of Government vehicle is more economical than to pay mileage rates for use of private cars and the use of common carrier has not been feasible. For example, in the inspection of fruits and vegetables, the cars are assigned to field offices on the basis of the volume of work. This inspection service is performed on a fee basis and by using these cars the inspectors are able to service a greater area without any loss in time or revenue.

To assure proper utilization of cars, the Agricultural Marketing Service requires monthly operating reports and a periodic survey to determine the extent to which the vehicles are being used and their condition. Cars which are found to be in excess of the needs of an office are recommended for reassignment to other locations or declared surplus. In connection with cotton classing, it is the policy to reassign cars among classing offices to assist in peak loads of classing cotton. Also, on the basis of car mileage checks, cars used for cotton classing are shifted from locations with indicated low mileage to locations requiring greater use of cars, thereby better conserving and utilizing automotive equipment.

The age and mileage data for passenger motor vehicles on hand as of June 30, 1953, follows:

<u>Age Data</u>		<u>Mileage Data</u>	
<u>Age-Year</u> <u>Model</u>	<u>Number of</u> <u>Vehicles</u>	<u>Lifetime</u> <u>Mileage</u>	<u>Number of</u> <u>Vehicles</u>
1953	43	0 - 10,000	71
1952	69	10,000 - 20,000	70
1951	50	20,000 - 40,000	126
1950	55	40,000 - 60,000	93
1949	64	60,000 - 80,000	45
1948	58	80,000 - 100,000	5
1947	51	over 100,000	5
1946	12	Total	a/ 415
1942 and older	13		
Total	a/ 415		

a/ Adjusted cars on order as of June 30, 1953 and related exchange vehicles.

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U. S. agriculture. The Service works in the following fields:

Development of Foreign Markets -- Directs a broad program designed to develop foreign outlets for agricultural products and analyzes competition and demand factors relating to marketing. Work directly related to the development of foreign markets is financed from funds allotted to the Service under the appropriation "Removal of Surplus Agricultural Commodities" pursuant to Section 32 of the Act of August 24, 1935.

Trade Programs -- Analyzes the effects of restrictive trade policies on the demand for American farm products and develops, directs, and coordinates the basic policies and programs for the encouragement of world trade in American agricultural products.

Agricultural Attaches -- Directs and coordinates a world-wide agricultural attache service with particular emphasis on the marketing and trade reporting activities of the attaches assigned abroad.

International Organizations -- Develops and directs the basic policies, programs and standards for participation of the Department in the activities of public and private international organizations.

Foreign Agricultural Information -- Disseminates to American agriculture the basic information essential to the aggressive foreign marketing of U. S. agricultural products.

Representation -- Participates in agricultural commodity and trade conferences, national and international; coordinates the Department's participation in international agreements affecting agriculture; makes available the resources of the Department in international programs and serves as Department liaison with foreign embassies and legations.

Import Programs -- Directs and coordinates formulation of recommendations on imports of commodities which render ineffective or tend to interfere with programs of the Department of Agriculture, and administers import controls on designated agricultural commodities. This work is conducted under an allotment from the appropriation "Removal of Surplus Agricultural Commodities" pursuant to Section 32 of the Act of August 24, 1935.

Foreign Assistance Program -- This Service also participates in the administration of the agricultural portion of the foreign assistance program with funds allocated from the Foreign Operations Administration. This work includes direction of the training program for foreign agricultural leaders, and the providing of technical assistance to cooperating foreign countries.

On November 30, 1953, employment totaled 635, of which 321 were outside the continental United States. Of the total employment, 120 were chargeable to the appropriation for Salaries and Expenses, and 515 to allocations from other agencies and accounts.

	Estimated Available, 1954	Budget Estimate, 1955
Appropriated funds	a/ \$840,950	\$965,000

a/ Includes \$30,000 transferred from other appropriations for penalty mail costs.

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Salaries and Expenses

Appropriation Act, 1954	\$673,000
Transferred from "Salaries and expenses, Farmers' Home Administration" pursuant to Public Law 286 for penalty mail	+30,000
Activities transferred in the 1955 estimates from "Agricultural Marketing Act, Agriculture" for analyses of distribution and consumption of agricultural commodities to determine the magnitude of competition in agricultural products	+137,900
Base for 1955	840,900
Budget Estimate, 1955	965,000
Increase	<u>+124,100</u>

SUMMARY OF INCREASES, 1955

To provide current data on shifts in United States agricultural trade on a geographic basis, including analysis of the factors responsible for such shifts	+23,000
To determine the extent to which production levels of certain commodities should be adjusted to meet foreign demands, and to determine the magnitude of competition in agricultural products	+101,100

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increases	1955 (estimated)
1. International agricultural trade	\$358,090	\$443,120	+\$23,000(1)	\$466,120
2. Foreign production and consumption of agricultural products	388,718	397,780	+101,100(2)	498,880
Unobligated balance	11,618	- -	- -	- -
Costs under Penalty Mail Act. (P. L. 286)	[- -]	[35,500]	[+2,000]	[37,500]
Total available or estimate	758,426	840,900	+124,100	965,000
Transferred from "Salaries and expenses, Farmers' Home Administration"	- -	-30,000		
Transfer in 1955 estimates from "Agricultural Marketing Act, Agriculture"	-145,302	-137,900		
Reduction pursuant to Section 411	+1,876	- -		
Total appropriation or estimate	615,000	673,000		

INCREASES

The increase of \$124,100 for 1955 consists of the following:

(1) An increase of \$23,000 under the project "International Agricultural Trade" for analysis of current shifts in agricultural exports by country and region.

Need for Increase: There is an urgent need for current data on shifts in U. S. agricultural trade on a geographic basis, and for analysis of the factors responsible for such changes. The pronounced slump in agricultural exports, of such serious concern to farm producers and their representatives as well as government policy makers, has pointed up the lack of such data and analyses. More and more requests are being made by farm organizations and commodity groups for up-to-date information on these shifts in agricultural trade which the Service has been unable to furnish with its present staff.

Plan of Work: The work will consist of preparing and publishing quarterly reports showing the destination of U. S. agricultural exports on a country as well as important geographical and financial area bases. The reports will include an analysis of the factors responsible for the shifts in trade and appraisals of the outlook for future trade. Data will be shown for a number of the most important export commodities, such as wheat, cotton, rice, lard and soybeans.

(2) An increase of \$101,100 under the project "Foreign Production and Consumption of Agricultural Products" composed of the following:

(a) An increase of \$61,000 to determine the extent to which production levels of certain agricultural commodities should be adjusted to meet foreign demands.

Since the end of World War II there has been an increase in the number of agricultural commodities such as rice, dairy products, and vegetable oils available for export. This is in addition to the large stocks of traditional agricultural export products such as wheat, cotton, tobacco, and fruits. There have also been material changes in the pattern of distribution and consumption of many agricultural commodities in foreign countries. These changes were brought about due to wartime limitations, present currency restrictions and technological improvements. A case in point is the current marketing by a "through-trucking" system of fresh fruits from Italian orchards to London markets, which greatly reduces the transportation time and eliminates costs and loss in quality due to the prewar system of ocean transport. Moreover, American production of specific commodities, such as wheat, corn, and vegetable oils was expanded to high levels to meet war and postwar demands. Of necessity, this emergency expansion took place without much regard for consumer preferences and normal

peacetime demand. Consequently, production of these commodities for export by the United States must undergo substantial adjustments to meet present day demands.

As a result of these conditions, agricultural producers in the United States need information to decide whether the present production levels of certain commodities should be continued, or whether the agricultural resources should be diverted to other purposes.

Plan of Work: The proposed basic studies for determining the need for possible shifts in U. S. production of agricultural products to meet changing foreign demands will be made from information submitted by the marketing specialists, agricultural attaches, and other foreign service officers. The findings and recommendations resulting from these studies will be carried to the farm level through Outlook Conferences and meetings.

(b) An increase of \$40,100 to determine the magnitude of world competition for American tobacco and dairy products.

Tobacco

Tobacco, which is our oldest export commodity, is meeting increasingly stiff competition in the world markets. Exports of U. S. tobaccos have been hampered and curtailed as a result of increasing production in numerous areas, use of bilateral agreements, manipulation of prices through differential exchange rates, import licensing and quota arrangements, and policies followed by Government Tobacco monopolies.

Expanding production in many areas has provided and will continue to provide increasing competition to U. S. tobacco in world markets.

The following brief examples indicate the serious nature of some of the problems affecting U. S. tobacco exports in the United Kingdom, France and Republic of the Philippines.

United Kingdom. The United Kingdom has long been the most important U. S. export market for U. S. tobaccos, especially flue-cured types. For many years the U.K. has had a policy of developing tobacco production in British overseas territories. Increased production from the British territories in Africa, especially Southern Rhodesia, Nyasaland and Northern Rhodesia as well as from Canada and other areas has been displacing the U. S. as a United Kingdom supplier. Production in Southern Rhodesia (most of which goes to the U.K.) has risen from 26.2 million pounds annually in the 1935-39 period, to 84.7 million in 1947-51, and 105.5 million in 1953.

While U.K. consumption and imports have been rising, the proportion of total imports supplied by the U.S. has decreased from an average of 75 percent in the 1935-39 period, to 61 percent in 1947-49 and to 50 percent in 1950-53.

France. U.S. fire-cured leaf was always an important flavoring ingredient in French cigarettes but U.S. exports to France have been declining for a long time with very little U.S. fire-cured shipped to France since 1951. The French have used bilateral agreements very effectively in shifting from the United States to alternative sources of supply. Also, strong attempts have and are being made to develop increased production in various areas especially, Madagascar, East Africa, Algeria, West Africa, and Cameroons.

Philippines. In 1952 the U.S. exported about 32.5 million pounds of unmanufactured tobacco to the Philippines. In 1953 in accordance with Philippine law, 698 import licenses were issued for bringing in only 14.3 million pounds (total from all countries) even though requirements for flue-cured leaf is about 26 million pounds. (2.4 million pounds were produced domestically in 1953). The law cited above provides for reductions in imports to about 7 million pounds in 1955 and annually thereafter.

Summary. American tobacco producers and exporters need complete factual information on the current status, and the future possibilities, of these competitive developments if traditional American tobacco markets are to be maintained and expanded.

Dairy Products

The exporters of U.S. dairy products, in the form of dried and canned milk and cheese, are also faced with severe competition in foreign markets. The competition in dairy products is due mainly to a substantial increase in production of these products by the other principal exporting countries in the world. For example, dry milk production in the United States increased from 813 million pounds during the period 1946-50 to 941 million pounds in 1952, but the comparable increase for this same product in the other principal exporting countries was from 187 million pounds to 401 million pounds. There were similar increases for canned milk and cheese. At the same time, exports of dry milk from the United States dropped from 272 million pounds in 1948 to 117 million pounds in 1952. In the other principal exporting countries dry milk exports rose from 111 million pounds to 311 million pounds in this period. There were similar increases in canned milk and cheese exports from the other countries, but exports of canned milk and cheese from the United States showed drastic decreases.

American producers and exporters of dairy products need complete factual information on the current market conditions, as well as future possibilities, if they are to compete successfully in the exporting of dairy products. At the same time, the higher production abroad increases the potential competition of foreign supplies in the United States domestic market. Information on the current and prospective foreign supplies available for shipment to the United States is important in any consideration of import policies on these products.

Plan of Work: The Foreign Agricultural Service plans to send qualified tobacco and dairy products technicians to both foreign producing and foreign consuming areas to make detailed "on-the-spot" studies of production practices, costs, grades, consumer preferences, trading methods, price policies, expansion possibilities, transportation, storage and all other factors that have or may have an impact on the foreign market for American tobacco and dairy products.

STATUS OF PROGRAM

Current Activities: To a greater extent than at any previous time in the Nation's history farmers of the United States are affected by many decisions which are made and actions taken throughout the world. The utilization of the large productive capacity of farms in the United States requires the maintenance of an active export market. It is, therefore, of vital importance that the interests and problems of United States farmers be taken into account whenever decisions are made on important foreign relations problems.

The stabilization and expansion of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, and study and analysis of market situations affecting the sale of agricultural commodities throughout the world.

It is essential that agricultural interests be represented and that their position be presented effectively in consideration of international trade agreements. This responsibility falls on the Foreign Agricultural Service. As a means of keeping in touch with the situation abroad affecting American agriculture and obtaining information needed by United States farmers, efforts are currently being directed towards improvement of the comprehensive schedule of foreign agricultural market and trade reporting by agricultural attaches and officers at United States Embassies abroad. This information is utilized in making detailed analyses of foreign agriculture, and interpreting trends of importance to farmers in this country. Among other items these analyses include production, finance, marketing, consumption and prices, along with the policies and trade patterns of the various countries of the world. Consumer requirements and consumption levels are important items in such analyses. The present and potential competition to be met by United States commodities is also carefully studied and results made available to agricultural groups.

Farmers and farm groups in the United States are able to adjust their production and take advantage of market opportunities abroad only to the extent that adequate information can be made available to them. Efforts are constantly under way to improve this service.

A related program of development of markets abroad for United States agricultural products in surplus or potential surplus supply is being carried out and substantially expanded under an allotment from the Appropriation "Removal of Surplus Agricultural Commodities (Section 32)".

Selected Examples of Recent Progress:

U. S. Foreign Trade Analyzed: During the fiscal year 1953 U. S. agricultural exports declined about 30 percent in value and a major effort was devoted to studying the reasons for this decline and making an analysis of the future outlook for the U. S. agricultural exports. Several plans were studied and recommendations made of possible methods

of expanding U. S. agricultural trade and adjusting U. S. agricultural production to the probable level of requirements and exports. Programs for famine assistance and international famine reserves were given extensive study to determine U. S. policies and programs for meeting world food emergencies.

Trade Concessions Obtained: The Service assisted in preparation for negotiations of a bilateral trade agreement with Venezuela, which has been a rapidly expanding market for U. S. farm products during most of the post-war period. Important new concessions were requested and obtained for agricultural products of the U. S. in these negotiations and no existing concessions were withdrawn. Assistance was given in the preparation of material for trade negotiations with Argentina and Guatemala.

Discrimination Against U. S. Agricultural Exports Minimized: A comprehensive analysis of the trade of 32 members of the General Agreement on Tariff and Trade and of their financial and other restrictions on imports was made during 1953 in order to determine whether or not there was unjustified discrimination against imports of U. S. agricultural products. Specific cases of discrimination were called to the attention of the contracting parties at a conference in Geneva, Switzerland, and requests made for correction of the unnecessary discrimination. During this session, United States import controls were defended against sharp attacks from a number of countries by pointing out that they were necessary to protect U. S. domestic price-support programs. As a result, all but one of the protesting countries were restrained from retaliating against imports of U. S. farm products, and that country reduced the scope of its retaliation.

President's Advisory Board of Mutual Security Assisted: In order to assist the President's Advisory Board in its review of U. S. foreign trade policies, several studies were made of the U. S. financial and agricultural policies and their relationship to U. S. agricultural trade.

East-West Trade Analyzed: An extensive survey was made of the 1952 East-West trade (Trade between Western Europe and Russia and Satellite countries) in agricultural products in 1953 and the possibilities of future trade between these two areas. This trade is of considerable importance to U. S. agriculture as in the prewar period the Eastern European countries now in the Satellite area were important exporters of food products to Western European countries.

Foreign Agricultural Production and Trade Policies Studied and Reported: The Service prepared an extensive summary of agricultural market and price policies in foreign countries, summarizing the production and trade policies of the leading foreign markets for U. S. agricultural products and the influence of these policies upon U. S. agricultural trade. This report provides a general review of trade and exchange control policies used to restrict the imports of U. S. agricultural products as a whole and by regions, as well as giving the details of policies now in effect in several major foreign countries.

U. S. Represented in NATO Food Problems: The Foreign Agricultural Service was given the leadership in U. S. representation in supporting activities on food and agricultural matters in the North Atlantic Treaty Organization through the appointment of its Director as the U. S. representative. During 1953, the Service represented the U. S. at three NATO meetings and worked with the Secretariat in studying problems and outlining measures that might be taken in an emergency.

World Agricultural Data Furnished Exporters: During the fiscal year 1953, world agriculture again attained high-level production. Surplus commodities developed in the United States and in many of the foreign countries. The reports and statistics accumulated by this Service, giving acreage, production, stocks, carry-over and consumption became significant to those searching for foreign markets. Data regarding production and market outlets were compiled and distributed to leading exporters of American crops such as wheat, cotton, tobacco, and fruit, as well as livestock and livestock products such as wool, butter and cheese. The knowledge that enabled the United States to evaluate the food shortage in Pakistan and to develop an aid and loan program to alleviate famine in this area was derived from statistics and information accumulated and published by this Service.

Commodity Prices in Foreign Countries Reported: The weekly publication of prices of foreign cottons was continued during the year. These data attract a great deal of attention in the industry and serve a valuable need that is not met by other agricultural releases. Quotations of foreign prices of other agricultural commodities are being resumed as world prices become significant and reliable sources are developed.

Commodity Agreements Discussed and Negotiated: The negotiations and counsel leading to the renewal of the International Wheat Agreement and the control and allocations of rice were also major activities during fiscal year 1953. Participation in the Food and Agriculture Organization Council meetings called for coordination of efforts of the entire Department. Department consideration of proposals relating to control of certain agricultural commodities pursuant to Section 22 of the Agricultural Adjustment Act, as amended, by Public Law 320 (74th Congress), approved August 24, 1935, and Section 104 of the Defense Production Act of 1950, as amended, required the preparation of detailed information on relevant foreign production and trade. In compliance with requests of Congress for data affecting the foreign trade in cotton, grain, tobacco, wool, livestock, meats, dairy products, poultry, fruits and vegetables, reports were prepared and presented in hearings during the year.

Formula Negotiated for Calculating Supplemental Rice Imports Into Cuba: Cuba is the most important foreign market for United States rice. Under the General Agreement on Tariff and Trade the United States obtained a low-duty minimum quota of 3,250,000 Spanish quintals (equivalent to 164,775 tons), plus a supplemental quota to be announced by Cuba each year on the basis of its consumption requirements. The Cuban Government did not follow any schedule in announcing the supplementary quota, and in at least one year did not announce any quota above the minimum of

3,250,000 quintals. During 1953 the Service assisted in working out with the Cuban Government a formula for the calculation of this supplemental quota, and for the announcement of the quantity on specified dates. This arrangement is now enabling more orderly marketing and allows the trade to schedule exports to take advantage of the low import duty into Cuba.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Allotments from:			
Removal of Surplus Agricultural Commodities:			
For development of foreign market outlets for surplus and potential surplus American agricultural commodities	\$60,211	\$450,000	\$800,000
For the administration of Import Controls under Section 22 of the Agricultural Adjustment Act, as amended	53,318	196,389	196,625
Total	113,529	646,389	996,625
Salaries and Expenses, Defense Production Activities, Agricul- ture - To provide information on foreign agricultural production, supplies and requirements in relation to the defense mobilization program	170,764	- -	- -
Total	284,293	646,389	996,625
Allocations and Working Funds (Advances from other agencies):			
Department of State:			
For conducting an educational program for German trainees in the field of Farm Youth Club Organization and Leadership	33,663	- -	- -
For conducting a training pro- gram in agriculture for Finnish nationals	30,800	- -	- -
Total, Department of State	64,463	- -	- -

(Continued on next page)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
<u>Department of the Army -- Special</u>			
Projects	9,547	- -	- -
<u>Foreign Operations Administration:</u>			
For technical assistance to			
friendly nations	3,927,875	4,779,100	- -
For expenses incident to the			
Foreign Trainee Program	3,382,328	3,603,557	- -
For preparing statistical infor-			
mation on agricultural con-			
ditions and food balances in			
Europe and the Far East	39,672	20,000	- -
Total, Foreign Operations			
Administration	7,349,875	8,402,657	- -
Total, Allocations and			
Working Funds	7,423,885	8,402,657	- -
<u>Trust Funds:</u>			
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture - For</u>			
<u>participation in a tobacco survey</u>			
<u>in foreign areas</u>	5,000	- -	- -
<u>Obligations Under Reimbursements</u>			
<u>From Governmental and Other Sources:</u>			
Salaries and Expenses	108,700	107,600	107,600
TOTAL OBLIGATIONS UNDER ALLOTMENTS			
AND OTHER FUNDS	7,821,878	9,156,646	1,104,225

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the act are: to prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act," and its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the act; and fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the act of October 9, 1940.

Federal supervision over futures trading is carried out by licensing commodity exchanges, registering futures commission merchants and floor brokers, reviewing exchange rules and regulations; compiling, reviewing and releasing information on futures trading; auditing brokers' books and records to assure segregation of customers' funds; examining brokers' financial statements; analyzing and appraising futures trading, cash-futures relationships, deliverable supplies, and price movements; establishing and enforcing limits on speculative trading; and investigating and aiding in the prosecution of violations.

These functions are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1953, the Commodity Exchange Authority had 120 employees, 36 of whom were stationed in Washington, D. C. and 84 in the field offices.

	Estimated Available, <u>1954</u>	Budget Estimate, <u>1955</u>
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Appropriated funds	<u>a/</u> \$692,273	\$673,000
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a/ Excludes \$7,727 transferred to other appropriations to cover penalty mail costs.

PROCEEDINGS OF THE

CONFERENCE

ON THE

Salaries and Expenses

Appropriation, 1954	\$700,000
Transferred to "Salaries and expenses, Extension Service" pursuant to Public Law 286 for penalty mail	-7,727
Adjusted appropriation, 1954, and base for 1955	692,273
Budget Estimate, 1955	673,000
Decrease, 1955 (due to changes in enforcement program and procedures)	-19,273

PROJECT STATEMENT

Project	: 1953	: 1954	: Decreases:	: 1955
	:	:(estimated):		:(estimated)
1. Licensing	:\$45,085:	\$44,700:	-\$500	\$44,200
2. Supervision of futures trading	:383,593:	379,673:	-14,173	365,500
3. Audits	:142,114:	143,600:	-3,050	140,550
4. Investigations	:101,411:	119,200:	-1,550	117,650
5. Establishment and review of speculative limits	: 25,249:	5,100:	- -	5,100
Unobligated balance	: 27,548:	- -:	- -	- -
Costs under Penalty Mail Act (P. L. 286)	: [- -]:	[7,273]:	[+727]	[8,000]
Total appropriation or estimate	:725,000:	692,273:	-19,273(1):	673,000

DECREASES

(1) Decrease of \$19,273 due to changes in enforcement program and procedures.

Enforcement programs and procedures are being changed in order to reduce workload without materially jeopardizing the effectiveness of enforcement of the Commodity Exchange Act. Specifically, it is contemplated that the reduction of \$14,173 under the project "Supervision of futures trading" would be effected by deferring the institution of special reports from large traders showing cash and futures positions in fats and oils. In addition the size of positions which traders may hold without filing trading and position reports with the Commodity Exchange Authority would be increased for some commodities, thereby reducing the volume of report examination and tabulation required. The balance of the reduction represents savings arising out of improvements in procedures in the other activities of the Authority.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

[To enable the Secretary] For necessary expenses to carry into effect the provisions of the Commodity Exchange Act * * *

This change eliminates the words "To enable the Secretary." and substitutes in lieu thereof "For necessary expenses" for the purpose of making the language consistent with that carried for other items in the Agricultural Appropriation Act. Therefore, the proposed change will in no way affect the nature or scope of the work being conducted.

STATUS OF PROGRAM

Objective and Functions: The purpose of the Commodity Exchange Act is to prevent price manipulation and corners and to insure fair practice and honest dealing on commodity exchanges. Enforcement of the act requires supervision over 17 commodity exchanges designated as "contract markets." Enforcement is a continuous process involving:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.
2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) enforcement of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.
3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants and (b) analysis of brokers' financial statements.
4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.
5. Establishment and review of speculative limits: Fix and constantly review limits on speculative futures transactions and open contracts on contract markets as may be found necessary to diminish, eliminate or prevent sudden or unreasonable fluctuations in futures prices.

Recent Activities:MARKETS, COMMODITIES, AND BROKERS

The Commodity Exchange Authority supervised futures trading on 17 commodity exchanges designated as contract markets under the Commodity Exchange Act during fiscal 1953. The 17 commodity exchanges currently designated as contract markets and the 19 commodities in which futures trading was conducted are listed below:

<u>Market</u>	<u>Regulated commodity</u>
Chicago Board of Trade.....	Wheat, corn, oats, rye, soybeans, lard, cotton, soybean oil, grain sorghums, soybean meal.

<u>Market (Cont.)</u>	<u>Regulated commodity</u>
Chicago Mercantile Exchange.....	Butter, eggs, potatoes.
Chicago Open Board of Trade.....	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade.....	(No trading in 1952-53)
Kansas City Board of Trade.....	Wheat, corn, bran, shorts, grain sorghums.
Memphis Merchants Exchange	
Clearing Association.....	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange.....	Wheat, corn, oats, rye.
Minneapolis Grain Exchange.....	Wheat, oats, rye, flaxseed.
New Orleans Cotton Exchange.....	Cotton, cottonseed oil.
New York Cotton Exchange.....	Cotton.
New York Mercantile Exchange.....	Eggs, potatoes, butter.
New York Produce Exchange.....	Cottonseed oil, soybean oil.
Portland Grain Exchange.....	(No trading in 1952-53.)
St. Louis Merchants' Exchange....	(No trading in 1952-53.)
San Francisco Grain Exchange.....	(No trading in 1952-53.)
Seattle Grain Exchange.....	Wheat.
Wool Associates of the New York	
Cotton Exchange.....	Wool tops.

During the fiscal year 1953, there were 658 futures commission merchants registered, compared with 623 during the previous year. The number of floor brokers registered was 866 compared with 827 a year previous and was more than in any previous year. As of June 30, 1953, the registered futures commission merchants maintained a total of 1886 principal and branch offices, and had agents in 264 offices other than their own engaged in soliciting or accepting orders for the purchase or sale of commodities for future delivery. Of the 597 active futures commission merchants registered as of June 30, 1953, for the 1953 calendar year, 317 were partnerships, 166 were corporations, and 114 were sole proprietorships.

Bylaws, rules, regulations, and resolutions submitted to the Authority by contract markets pursuant to requirements, were reviewed currently and changes proposed whenever necessary to effect compliance with the law.

Registration fees collected from futures commission merchants and floor brokers, which are deposited with the United States Treasury as miscellaneous receipts, totalled \$18,676, as compared with \$17,684 for the previous year.

FUTURES TRADING

Estimated value of trading.-The value of futures trading in regulated agricultural commodities was estimated at \$45,560,260,000, a decrease of 7 percent from the 1952 total of \$49,179,134,000.

Transactions in futures.-Trading activity in all commodities as measured by number of transactions (purchases and sales in terms of contract units) increased by 1 percent over the previous year. In 1953, total transactions were estimated at 8,792,000 compared with 8,682,000 in 1952. The 1953 figure was 38 percent above the 10-year (1943-52) average of 6,392,000.

Volume of trading.-Figures on trading volume given below show the continued high level of activity in 1953, as compared with the previous year:

Volume of futures trading on all contract markets combined, by commodities, fiscal years ended June 30, 1952 and June 30, 1953

Commodity	Unit	1952	1953	Percent of increase or decrease
Wheat	1,000 bushels	4,341,690	3,780,534	- 12.9
Corn	do	2,639,639	2,811,204	+ 6.5
Oats	do	2,239,205	2,421,172	+ 8.1
Rye	do	426,587	703,044	+ 64.8
Soybeans	do	2,953,180	3,346,329	+ 13.3
Flaxseed	do	40,926	32,039	- 21.7
Grain Sorghums	Million pounds	8,634	682	- 92.1
Rice	1,000 pounds	320	0	--
Cotton	1,000 bales	94,887	91,335	- 3.7
Wool Tops	1,000 pounds	172,385	154,910	- 10.1
Butter	Carlots	8,368	7,293	- 12.8
Eggs	do	90,005	145,588	+ 61.8
Potatoes	do	18,181	123,449	+ 579.0
Cottonseed Oil	1,000 pounds	7,989,720	3,050,280	- 61.8
Soybean Oil	do	2,795,760	3,048,720	+ 9.0
Lard	do	1,323,880	1,414,080	+ 6.8
Bran	Tons	285,390	246,450	- 13.6
Shorts	do	161,280	195,900	+ 21.5
Cottonseed Meal	do	584,900	98,200	- 83.2
Soybean Meal	do	1,972,500	1,837,900	- 6.8

Reports.-A total of 561,225 reports on the volume of futures trading and open contracts was received, tabulated, summarized and analyzed, a decrease of 11 percent from the 629,081 reports made in 1952. Of these, 267,461 were reports from brokers on daily volume of trading and open contracts, while 293,764 were from large traders relating to their daily transactions and open positions and weekly positions in cash commodities.

Delivery Notices.-During 1953 a total of 43,524 copies of delivery notices were submitted by exchange clearing members, compared with 30,269 in the 1952 year.

Publications.-These included a special statistical bulletin covering grain futures transactions for the thirty-year period 1921-1951, and also the statistical annual, Commodity Futures Statistics, giving basic data on volume of trading, open contracts, prices and other phases of futures trading in all commodities under the act for the year ending June 30, 1952.

From funds obligated during the previous year, a compilation of the Commodity Exchange Act, as amended, the Rules and Regulations of the Secretary of Agriculture, and the orders of the Commodity Exchange Commission thereunder, was brought up-to-date, reprinted and distributed to contract market officials, members of the trade and others. And a popular-style leaflet on the purposes of the Commodity Exchange Act and its enforcement by the CEA was distributed to a wide audience of county agents, extension workers, marketing teachers and students, farm organization leaders, and others directly concerned with farm marketing, and also made available for distribution by Members of Congress.

SPECULATIVE LIMITS

Establishment of Additional Speculative Limits.--On July 28 and 29, 1952, the Commodity Exchange Commission held public hearings to consider the establishment of speculative limits applicable to cottonseed oil, soybean oil, and lard. Evidence presented by the Commodity Exchange Authority followed extensive investigation and analysis of the futures markets for these commodities. Representatives of the trade and the exchanges also testified at the hearings. Cottonseed oil, soybean oil, and lard are the first processed commodities in which speculative limits have been applied, and present certain problems not encountered in establishing limits on raw commodities. After the hearings on July 28 and 29, the evidence presented was carefully considered and the following speculative limits established by the Commodity Exchange Commission, effective April 1, 1953 (with certain exceptions for processors of cottonseed and soybeans):

Cottonseed oil	3,600,000 lbs.
Soybean oil	3,000,000 lbs.
Lard	1,600,000 lbs.

Upon recommendation by the Commodity Exchange Authority, the Commission held another public hearing in Washington on May 25 to consider problems created by the application of the Commission's orders to manufacturers and processors of the commodities, and the need for additional provisions to meet such problems. At the request of trade representatives the hearing on May 25 was recessed to be reopened in Chicago on July 13.

Enforcement.--During the year the Commodity Exchange Authority effectively enforced speculative limits in all commodities for which such limits have been established, by keeping close watch on the transactions of large speculators, and particularly those operating near the limits. This was done by carefully checking the required daily reports from commodity brokers and large traders, and by other surveillance and compliance procedures. The enforcement of the limits dealt with 23 violations in the commodities for which limits were established in prior years (grains, cotton, soybeans, and eggs), and 9 in commodities for which limits were established in the fiscal year 1953 (cottonseed oil, soybean oil, and lard), or a total of 32 compared with 28 in the previous year. The purpose of speculative limits is to diminish, eliminate, or prevent excessive speculation causing sudden, unreasonable or unwarranted price changes.

AUDITS

During the year 605 segregation audits of futures commission merchants were made. These audits covered the accounts of 31,573 customers who had to their credit \$123,145,733.39. The average number of accounts per audit is at the highest point since such records have been kept but the average amount to the credit of each customer is at the lowest point, except one, since 1946. In addition to the 605 financial audits performed, 12 special or "position" audits were made during the year covering the books and records of large traders.

In the course of these 605 financial audits, 432 deviations from the law or regulations were discovered. In most cases corrective measures were taken when the deviations were brought to the attention of the brokerage houses. The remainder are under further investigation. In addition to the 432 separate deviations from the law or regulations, a number of persons were found to be acting as futures commission merchants without having been registered as required by the act. During the year 658 futures commission merchants' financial statements were analyzed.

COMPLIANCE INVESTIGATIONS

Increased Number of Alleged or Apparent Violations.-During the fiscal year 1953, 48 investigations were initiated in situations which appeared to present the possibility of substantive violations of the act. This compared with 28 such investigations during the preceding year. While 17 of the 48 matters investigated related to failure to file required reports, and consequently were not particularly complicated, there were two large-scale investigations involving apparent manipulation of prices and one rather extensive investigation involving an apparent attempt to evade the limit on speculative operations. The increase in work of this type necessitated temporarily deferring the trade practice survey work which had been followed for a number of years.

Manipulation by Groups of Traders.-In connection with the possibly manipulative operations observed during the past year it was found that there was a continuing tendency to use a technique which has come to light during the last few years. This involves operations by a group of traders apparently working in unison whose combined activities are such as to manipulatively affect prices, though the operations of no one of the group are of such size as to have an apparent price effect. In order to prove manipulation in instances of this sort it may be necessary to establish collusion or common understanding between the members of the group. Usually this is difficult and must be based largely upon circumstantial evidence. A criminal indictment was obtained during the preceding fiscal year against a group operating in eggs in the manner above described. Evidence of similar operations during fiscal 1953 has resulted in the issuance of a formal complaint charging price manipulation and cornering.

Enforcement Policy.--In line with a practice instituted earlier criminal prosecution is being recommended in cases where repeated offenses by the same persons indicate willful violation of the law. During the year administrative proceedings were instituted against one of the largest grain companies in the United States for alleged manipulation of the oat market. At the same time the matter was referred to the Department of Justice with a request for criminal prosecution, in view of the fact that the company's president and its wholly-owned subsidiary were previously found to have manipulated the corn market.

Also in line with established policy, technical and relatively minor violations where no sign of fraud appears are frequently disposed of by stipulations of compliance, warning letters, or cooperative action by the commodity exchanges. In one such recent instance a trader was found to have misused the trading machinery of an exchange by making fictitious transactions for the apparent purpose of paying a sum of money to an individual to whom this trader felt obligated. While obviously there is no fraud in this, such trading just as readily lends itself to the cheating of customers as it does to the paying of a fictitious profit. Upon having this matter called to its attention the exchange on which this trading took place fined the offending member and reprimanded certain others who participated in the execution of the fictitious transactions. Conferences were also held with officials of exchanges resulting in amendments to rules and adjustments in trade practices for the purpose of insuring open and competitive execution of transactions.

MAJOR ACTIVITIES OF THE COMMODITY EXCHANGE AUTHORITY

	Actual		Estimated	
	1952	1953	1954	1955
I. <u>Licensing:</u>				
Futures commission merchants registered	623	658	660	670
Floor brokers registered	827	866	870	880
II. <u>Supervision:</u>				
<u>Markets and commodities:</u>				
Exchanges	18	18	17	17
Commodities	20	19	20	20
Markets (6 wheat markets, 3 cotton markets, etc.):	44	42	43	43
Reports tabulated and analyzed:				
Daily trading volume and open contracts	306,142	267,461	275,000	275,000
Daily and weekly reports on large traders	522,939	293,764	300,000	250,000
Delivery notices	30,269	43,524	40,000	40,000
Special calls and surveys	0	8	5	5
Accounts covered	0	24,800	10,000	10,000
General activities, including observance of trading exchange regulations, enforcement of speculative limits, price compilations, quotations service, and review of market letters	x	x	x	x
III. <u>Audits:</u>				
<u>Segregation audits</u>				
Accounts examined	594	605	650	640
Financial statements examined	28,884	31,573	32,000	31,500
	616	658	665	675
IV. <u>Investigations:</u>				
Compliance investigations completed	21	48	40	40
Trade practice surveys completed	1	0	1	1
Number of transactions examined	18,342	0	10,000	10,000
Criminal prosecutions	2	0	2	2
Administrative proceedings	1	4	5	5
V. <u>Establishment and review of speculative limits:</u>				
Hearings completed (Number of commodities)	0	3	3*	0

x - No measure of work load available

* Review only

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes amount which, by November 30, 1953, was actually received or programmed. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Estimated : Estimated		
	Obligations,	Obligations,	Obligations,
	1953	1954	1955
Obligations Under Reimbursements			
From Governmental and Other			
Sources:			
Salaries and expenses	\$2,623:	- -:	- -:

COMMODITY STABILIZATION SERVICE

Summary of Appropriations, 1954, and Estimates, 1955 a/

Item	:	:	:
	: Appropriated,	: Budget Estimate,	: Increase (+)
	: 1954	: 1955	: or
	:	:	: Decrease (-)
Agricultural Adjustment	:	:	:
Programs	: \$44,312,000	: \$42,500,000	: -\$1,812,000
Sugar Act Program	: <u>b/</u> 59,608,287	: 59,600,000	: -8,287
Total direct annual	:	:	:
appropriations or	:	:	:
estimates	: 103,920,287	: 102,100,000	: -1,820,287

a/ Excludes administrative expense authorization for Commodity Credit Corporation.

b/ In addition, \$93,500 available from prior year balances.

AGRICULTURAL ADJUSTMENT PROGRAMS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended.

These programs are designed to assist in minimizing fluctuations in the supply, marketing, and price of specified basic agricultural commodities--tobacco, peanuts, cotton, wheat, corn, and rice.

The national acreage allotment (in the case of corn, allotment for commercial corn-producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level or if quotas were proclaimed for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for cotton when the total supply exceeds the normal supply, and for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

Estimated
Available,
1954

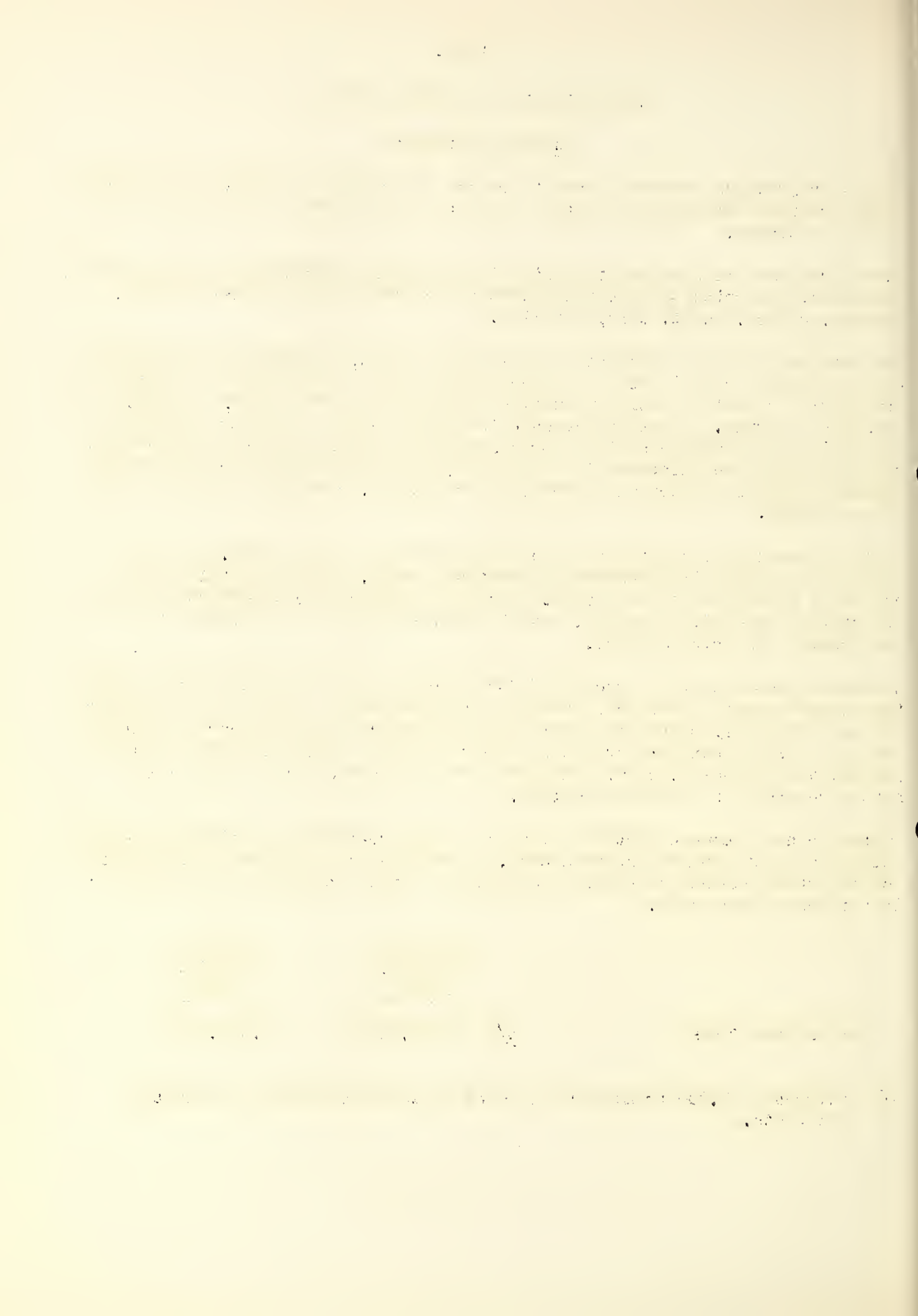
Budget
Estimate,
1955

Appropriated funds

a/ \$44,312,000

\$42,500,000

a/ Includes \$850,000 transferred from other appropriations for penalty mail costs.



(a) Agricultural Adjustment Programs

Appropriation Act, 1954	\$38,500,000
Supplemental appropriation for 1954 (Supplemental Appropriation Act, 1954)	5,000,000
Transferred pursuant to Public Law 286 for penalty mail costs from:	
"Sugar Act program, Commodity Stabilization Service"	+36,713
"School lunch program, Agricultural Marketing Service"	+128,803
"Removal of surplus agricultural commodities"	+684,484
Activities transferred in 1955 estimates to "Salaries and expenses, Office of the Solicitor" for acreage allotment work	-38,000
Base for 1955	44,312,000
Budget Estimate, 1955	42,500,000
Decrease	<u>-1,812,000</u>

SUMMARY OF DECREASES, 1955

Net decrease due to reduction in work required in gathering and compiling basic data and determining individual farm allotments...	-1,562,000
Decrease due to elimination of assistance to selective service authorities on farm labor problems	-250,000

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
1. Acreage allotments and marketing quotas	\$10,284,658	\$44,062,000	-\$1,562,000(1)	\$42,500,000
2. Production goals and assistance to farmers	2,512,923	250,000	-250,000(2)	- -
Unobligated balance	58,200	- -	- -	- -
Costs under Penalty Mail Act (P. L. 286)	- -	[864,077]	[+121,301]	[985,378]
Total available or estimate	12,855,781	44,312,000	-1,812,000	42,500,000
Transferred from:				
"Agricultural conservation program"	-1,938,000	- -		
"Conservation operations, Soil Conservation Service"	-922,000	- -		
"Sugar Act program, Commodity Stabilization Service"		-36,713		
"School lunch program, Agricultural Marketing Service"	- -	-128,803		
"Removal of surplus agricultural commodities"	- -	-684,484		
Transfer in 1955 estimates to:				
"Salaries and expenses, Office of the Solicitor"	- -	+38,000		
Reduction pursuant to sections 411 and 412	+4,219	- -		
Total estimate or appropriation	10,000,000	43,500,000		

DECREASES

The net decrease of \$1,812,000 in this item for 1955 consists of the following:

(1) A net decrease of \$1,562,000 under the project "Acreage allotments and marketing quotas". The estimated requirements in 1954 and 1955 by crops are reflected in the following tabulation:

Acreage Allotments and Marketing Quotas
Estimated Obligations by Crops

<u>Crop</u>	<u>1954</u>	<u>1955</u>	<u>Increase (+)</u> <u>or</u> <u>Decrease (-)</u>
Tobacco	\$3,781,750	\$3,781,750	\$ - -
Peanuts	2,324,050	2,324,050	- -
Wheat	13,073,800	14,135,800	+1,062,000
Cotton	17,711,100	15,702,100	-2,009,000
Corn	7,171,300	6,556,300	-615,000
Total	\$44,062,000	\$42,500,000	\$-1,562,000

Wheat - The net increase of \$1,062,000 for wheat is composed of an increase of \$2,389,298 to complete in fiscal year 1955 measurement of the 1954 crop and approximately 58% of the 1955 crop acreage, together with a decrease of \$1,327,298 in the amount needed to prepare for controls on the 1955 crop because much of the basic data will already be available from the data compiled previously for controls on the 1954 crop.

Cotton - The decrease of \$2,009,000 on cotton is due entirely to the reduced workload of gathering and compiling basic data and determining individual farm allotments.

Corn - The net decrease of \$615,000 on corn is due to a reduction in workload incident to compilation of basic data and establishment of acreage allotments (\$2,671,150) and an increase of \$2,056,150 to measure approximately 38% of the 1954 crop. The measurement of this acreage in fiscal year 1955 is limited to the amount estimated to be necessary to determine eligibility for price support.

(2) A decrease of \$250,000 under the project "Production goals and assistance to farmers," due to discontinuation of assistance to selective service authorities on farm labor problems, to be applied as follows:

National and State office expenses.	\$25,000
County committee expenses	225,000

Work to be done during fiscal year 1955

The 1955 estimate assumes that acreage allotments and marketing quotas will be in effect on the 1954 and 1955 crops of tobacco, peanuts, wheat, and cotton and that acreage allotments only will be in effect on the 1954 and 1955 crops of corn.

Tobacco (930 counties)

Gathering and compiling basic data	)	Approximately 600,000 farms
Establishing individual farm allotments	)	About 18,000 allotment appeals
Handling appeals)	
Referenda - Fire-cured, dark air-cured, Southern Maryland and Pennsylvania filler	)	Referendum on each kind of tobacco - 75 counties (net)
Measuring and computing acreages - approximately 1,670,000 acres each crop	)	1954 crop 56.2% 1955 crop 43.8%
Preparing and issuing quota notices and marketing cards	)	At least one quota notice and one marketing card for each allotment farm (one for each kind of tobacco)
Handling violations, penalties, etc.		
Auditing county committee records		930 counties (3 days per county)

Peanuts (524 counties)

Gathering and compiling basic data	)	Approximately 140,000 farms
Establishing individual farm allotments	)	About 1,500 allotment appeals
Handling appeals)	
Referendum		Only if quotas for 3-year period disapproved in referendum held December 15, 1953 - 524 counties
Measuring and computing acreages - approximately 1,679,000 acres each crop	)	1954 crop 49.3% 1955 crop 50.7%
Preparing and issuing quota notices and marketing cards	)	At least one quota notice and one marketing card for each allotment farm
Handling violations, penalties, etc.		
Auditing county committee records		524 counties (3 days per county)

Wheat (2,674 counties)

Gathering and compiling basic data	)	Approximately 2,100,000 farms
Establishing individual farm allotments	)	About 82,000 allotment appeals
Handling appeals)	

Referendum 2,674 counties

Measuring and computing acreages -	)	1954 crop 41.5%
55,000,000 acres minimum; for 1954	)	1955 crop 58.5%
only, minimum of 62,000,000 acres)	

Preparing and issuing quota notices and	)	At least one quota notice and
marketing cards	)	one marketing card for each
	)	allotment farm

Handling violations, penalties, etc.

Auditing county committee records 2,674 counties (3 days per county)

Cotton (1,037 counties)

Gathering and compiling basic data	)	Approximately 1,350,000 farms
Establishing individual farm allotments	)	About 50,000 allotment appeals
Handling appeals)	

Referendum 1,061 counties

Measuring and computing acreages -	)	1954 crop 66.0%
acreage required to make available a	)	1955 crop 34.0%
supply equal to national marketing)	
quota; for 1954, Upland - 17,910,448)	
acres; long-staple - 41,261 acres)	

Preparing and issuing quota notices and	)	At least one quota notice and
marketing cards	)	one marketing card for each
	)	allotment farm

Handling violations, penalties, etc.

Auditing county committee records 1,061 counties (3 days per county)

Corn (commercial corn-producing area only - about 850 counties)

Gathering and compiling basic data	)	Approximately 1,900,000 farms
Establishing individual farm allotments	)	At least one allotment notice
Preparing and issuing allotment notices	)	for each farm; about 76,000
and handling appeals	)	allotment appeals

Measuring and computing acreages - acre-	)	1954 crop 38.0%
age required to produce, together with	)	(to determine eligibility for
corn produced in U.S. outside commer-	)	price support)
cial corn producing area plus imports,)	
a supply equal to normal supply)	

Auditing county committee records 850 counties (4 days per county)

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 [To enable the Secretary] For necessary expenses to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of
- 2 1938, as amended (7 U. S. C. 1301-1393), [and to provide advice and assistance to selective service authorities in connection with farm labor, \$33,500,000] \$42,500,000, of which not more than [\$5,500,000] \$6,000,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": Provided, That [\$6,000,000] \$3,500,000 of this
- 3 appropriation shall be placed in reserve [pending determination by the Secretary as to the necessity of] to be apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, to the extent necessary for carrying out marketing quotas for the [1954] 1955 crop of wheat [, and this amount shall be released in such sums and at such times as may be determined by the Bureau of the Budget to be necessary].

The first change eliminates the words "To enable the Secretary" and substitutes in lieu thereof "For necessary expenses" for the purpose of making the language consistent with that carried for other items in the Agricultural Appropriation Act. This appropriation will continue to be available for allotment to such agencies as the Secretary determines for carrying out the program as heretofore, and therefore, the proposed change will in no way affect the nature or scope of the work being conducted.

The second change deletes the language which authorizes the use of funds provided under this item to provide assistance to Selective Service authorities in connection with farm labor. The Universal Military Training and Service Act contains authority which would enable this Department to render any services, if and when required, for the common defense and security of the United States.

The third change reduces the amount and simplifies the language relating to the amount to be placed in reserve for use in the event it becomes necessary to establish marketing quotas on the 1955 crop of wheat. The amount to be placed in reserve represents the estimated cost of marketing quota work on the 1955 crop of wheat during the 1955 fiscal year.

The first of these is the fact that the system is not self-sufficient. It is dependent on the outside world for many of its needs.

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STATUS OF PROGRAM

For the 1953 crops, acreage allotment and marketing quota programs were in effect on only two of the basic commodities - tobacco and peanuts. For 1954, marketing quotas have been proclaimed on tobacco, peanuts, wheat, and cotton. It has been determined that marketing quotas will not be required on the 1954 crop of corn. A determination with respect to acreage allotments on the 1954 crop of corn will have to be made not later than February 1, 1954. On December 29, 1953, it was announced that there would be no acreage allotments or marketing quotas on the 1954 crop of rice.

I. Tobacco Acreage Allotment and Marketing Quota Program

A. Proclamation of quotas

1. Quotas must be proclaimed whenever the total supply as of the beginning of the marketing year then current exceeds reserve supply level (normal supply plus 5% thereof).

- a. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year, and in the case of Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco.

B. Amount of quota

1. The marketing quota proclamation specifies in pounds of tobacco, the total quantity which may be marketed during the following marketing year and is an amount which will make available for marketing during that year, a supply equal to the reserve supply level.

- a. For the 1954 crop, quotas have been proclaimed as follows:

<u>Kind of tobacco</u>	<u>Date of proclamation</u>	<u>Number of pounds</u>	<u>Number of acres (approx.)</u>
Flue-cured	11/30/53	1,325,000,000	1,057,000
Burley	11/30/53	526,000,000	395,500
Fire-cured	11/30/53	59,400,000	50,400
Dark air-cured	11/30/53	24,200,000	20,700
Virginia sun-cured	11/30/53	6,257,000	6,130
Southern Maryland	10/7/53	40,700,000	51,700
Cigar filler and binder	10/8/53	74,600,000	48,450
Pennsylvania filler	10/8/53	46,900,000	30,250

C. Referendum

1. Within 30 days after issuance of proclamation of quotas, a referendum must be held.

- a. In addition to voting on whether quotas are approved for one year, farmers vote on whether they favor quotas for three years.
- b. Quotas become effective only if approved by at least two-thirds of farmers voting.

2. Farmers voting in referenda, voted as follows:

<u>Kind of tobacco</u>	<u>Date of referendum</u>	<u>Approved</u>	<u>Disapproved</u>	<u>Marketing years covered</u>
Flue-cured	7/19/52	X		1953-55
Burley	11/22/52	X		1953-55
Fire-cured	12/7/51	X		1952-54
Dark air-cured	12/7/51	X		1952-54
Va. sun-cured	11/22/52	X		1953-55
Southern Md.	10/29/53		X	
Cigar filler and binder	10/29/53	X		1954-56
Pa. filler	10/29/53		X	

D. Termination of or increase in quotas

1. Quotas may be terminated or increased if, after investigation, it is determined that such action is necessary to:

- a. Make available free of marketing restrictions a normal supply of tobacco (this must be done by March 1).
- b. Meet a national emergency.
- c. Meet an increase in demand.

E. State marketing quotas and acreage allotments

1. National marketing quota is apportioned among States on the basis of historical production.

- a. Volume of tobacco apportioned to each State is converted to a State acreage allotment on the basis of the average yield per acre during the preceding five years adjusted for abnormal conditions of production.

2. Acreage allotted, by State, by kinds of tobacco, 1953 and 1954 crops

State and Kind of Tobacco	Acreage Allotted	
	1953	1954
<u>Burley</u>		
Alabama	54.7	38
Arkansas	86.6	65
Georgia	136.2	95
Illinois	16.7	5
Indiana	10,960.6	9,845
Kansas	178.6	139
Kentucky	283,774.5	259,865
Missouri	4,730.5	4,258
North Carolina	13,118.9	11,723
Ohio	14,133.3	12,772
Oklahoma	5.0	5
Pennsylvania	3.9	4
South Carolina	6.2	4
Tennessee	86,991.6	78,132
Virginia	14,658.9	13,221
West Virginia	3,894.0	3,385
Reserve for new farms		1,977
Total	<u>432,750.2</u>	<u>395,533</u>
<u>Flue-cured</u>		
Alabama	596.7	604
Florida	22,002.7	22,141
Georgia	105,918.1	106,525
North Carolina	690,683.4	695,382
South Carolina	120,542.5	121,621
Virginia	104,796.4	105,465
Reserve for new farms		5,283
Total	<u>1,044,539.8</u>	<u>1,057,021</u>
<u>Fire-cured</u>		
Kentucky	22,793.1	19,468
Tennessee	23,641.9	21,110
Virginia	10,687.4	9,581
Reserve for new farms		252
Total	<u>57,122.4</u>	<u>50,411</u>
<u>Dark air-cured</u>		
Indiana	108.2	78
Kentucky	22,838.1	17,682
Missouri	1.2	1
Tennessee	3,558.9	2,830
Reserve for new farms		103
Total	<u>26,506.4</u>	<u>20,694</u>

	1953	1954
<u>Virginia sun-cured</u>		
Virginia	4,940.7	6,104
Reserve for new farms		30
Total	<u>4,940.7</u>	<u>6,134</u>
<u>Southern Maryland</u>		
Maryland	55,747.3	
North Carolina	6.1	
Tennessee	19.4	
Virginia	26.8	
Reserve for new farms		
Total	<u>55,799.6</u>	
<u>Cigar filler and binder</u>		
Connecticut	11,795.9	11,927
Illinois	9.2	9
Indiana	3.0	2
Iowa	9.5	10
Massachusetts	5,953.3	5,929
Minnesota	395.1	367
New Hampshire	9.3	7
New York	426.1	363
Ohio	7,177.6	6,951
Pennsylvania	549.7	506
Vermont	10.4	8
Wisconsin	22,908.2	21,889
Reserve for new farms		484
Total	<u>49,247.3</u>	<u>48,452</u>

F. Job time table - 1954 Crop

<u>Job</u>	<u>Fiscal year in which performed</u>
1. Acreage allotments	
Collecting, reviewing and compiling basic data and reconstituting farms	1954 (June-Dec. 1953)
Determining, computing, compiling and reviewing farm allotments and yields	1954 (Sept. 1953-Feb. 1954)
Preparing and mailing notices	1954 (Dec. 1953-Jan. 1954)
Handling appeals	1954 (Jan.-March 1954)
Measuring farms and computing acreages	1954, 1955 (May-Oct. 1954)
Auditing county committee records	1954, 1955 (March-Aug. 1954)

2. Marketing quotas

Referendum (referenda were held on Southern Maryland, cigar filler and binder and Pennsylvania filler tobaccos) Within 30 days after issuance of proclamation

Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc. 1955, 1956 (July 1954-Aug. 1955)
Auditing county committee records 1955, 1956 (July 1954-Aug. 1955)

II. Peanut Acreage Allotment and Marketing Quota Program

A. Proclamation of quotas

1. Regardless of the supply situation, a national marketing quota must be proclaimed between July 1 and December 1 of each calendar year.

B. Amount of quota

1. The national marketing quota must be equal to the average quantity of peanuts harvested for nuts during the 5 years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions. However, the quota shall not be less than a quantity of peanuts sufficient to provide a national acreage allotment of 1,610,000 acres.

- a. The national marketing quota for the 1954 crop announced October 1, 1953, is 673,785 tons (normal yield of 837 pounds multiplied by the minimum of 1,610,000 acres.)

C. Referendum

1. A referendum must be held between the date of the proclamation of quotas and December 15.

- a. Farmers vote with respect to marketing quotas on the crops of peanuts produced in the 3 calendar years immediately following the year in which the referendum is held.

- b. Quotas become effective only if approved by at least two-thirds of the farmers voting. If disapproved, a referendum must be held not later than December 15 of the next calendar year.

2. Farmers voting in a referendum held December 15, 1953, approved marketing quotas for three marketing years, 1954, 1955, and 1956.

D. Termination of or increase in quotas

1. Quotas may be terminated or increased to meet a national emergency or an increase in export demand.

E. National acreage allotment

1. The national marketing quota is converted to a national acreage allotment by dividing the quota by the normal yield per acre determined on the basis of the average yield per acre in the preceding 5 calendar years, with adjustments for trends in yields and abnormal conditions of production affecting yields.

F. State acreage allotments

1. The national acreage allotment is apportioned among States on the basis of their share of the national acreage allotment for the most recent year in which the apportionment has been made.

State	1953	1954
Alabama	227,236	217,965
Arizona	748	717
Arkansas	4,399	4,220
California	980	940
Florida	57,107	54,777
Georgia	546,925	524,611
Louisiana	2,047	1,963
Mississippi	7,878	7,557
Missouri	256	246
New Mexico	5,115	4,906
North Carolina	175,993	168,813
Oklahoma	143,164	137,323
South Carolina	14,328	13,743
Tennessee	3,716	3,564
Texas	370,166	355,063
Virginia	110,031	105,542
Total apportioned to States	1,670,089	1,601,950
Reserve for new farms	8,392	8,050
Total, United States	1,678,481	1,610,000

2. On April 2, 1953, an increase of 658 acres in acreage allotments for States producing Valencia-type peanuts was announced. Section 358 (c)(2) of the Agricultural Adjustment Act of 1938, as amended, authorizes the Department to increase allotments for States which produce a given type of peanuts if the production of such type will be insufficient to meet the demand for cleaning and shelling purposes at prices at which Commodity Credit Corporation may sell (for these purposes) peanuts which it owns or controls.

- a. Valencia-type peanuts were determined to be the only type falling in this category.

G. Job time table - 1954 crop

<u>Job</u>	<u>Fiscal year in which performed</u>
1. Acreage allotments	
Collecting, reviewing and compiling basic data and reconstituting farms	1954 (Oct. 1953-May 1954)
Determining, computing, compiling and reviewing farm allotments and yields	1954 (Oct. 1953-May 1954)
Preparing and mailing notices	1954 (Nov.-December 1953)
Handling appeals	1954 (Jan.-Feb. 1954)
Measuring farms and computing acreages	1954, 1955 (Mar.-Nov. 1954)
Auditing county committee records	1954, 1955 (Mar.-Aug. 1954)
2. Marketing quotas	
Referendum	1954 (held Dec. 15, 1953)
Determining producers' quotas, issuing marketing cards, handling marketing reports, violations, penalties, etc.	1954, 1955, and 1956 (June 1954-Sept. 1955)
Auditing county committee records	1955 (Sept. 1954-May 1955)

III. Wheat Acreage Allotment and Marketing Quota Program

A. Proclamation of quotas.

1. A national marketing quota must be proclaimed whenever, in any calendar year, the total supply for the marketing year beginning in such calendar year:

- Exceeds normal supply by more than 20%, or
- Total supply is not less than normal supply and the average farm price for 3 successive months does not exceed 66% of parity.

2. Proclamation must be made not later than July 1 of the calendar year preceding the calendar year in which such marketing year begins.

B. Amount of quota

1. The national marketing quota shall be equal to normal year's domestic consumption and exports plus 30%, less estimated carryover as of the beginning of the marketing year with respect to which the quota is proclaimed.

- a. On July 1, 1953, marketing quotas were announced for the 1954 crop based on the following determination of normal supply for the 1953-54 marketing year and the marketing quota position as indicated by the supply percentage.

Normal Supply and Marketing Quota Level (Million Bushels)

Domestic consumption, 1952-53*	705
Exports 1953-54	300
Total	1,005

Reserve for carryover (15% of domestic consumption and exports) 151

Indicated normal supply 1,156

Marketing quota level (120% of indicated normal supply) 1,388

Supply Percentage

Estimated carryover, July 1, 1953 508

Indicated production (1953 - June 10, 1953 Crop Report) 1,132

Estimated imports 1953-1954 5

Total supply, 1953-54 1,717

Supply percentage (total supply divided by indicated normal supply) 148.5%

* Domestic consumption of 675 adjusted to provide a normal amount of feed for livestock feed.

C. Referendum

1. Referendum must be held between the date of proclamation of quotas and July 25, following. With respect to the 1954 crop, Public Law 117, 83d Congress provided that the referendum might be held as late as August 15, 1953.

2. Quotas must be approved by at least two-thirds of the farmers voting in order to become effective.

- a. In a referendum held August 14, 1953, 87.2 percent of the farmers voting favored quotas on the 1954 crop of wheat.

D. Termination of or increase in quotas

1. Quotas may be terminated or increased

- a. To meet a national emergency.
- b. To meet an increase in export demand.
- c. To make available, free of marketing restrictions, a normal supply of wheat.

2. In addition

- a. If within 45 days after the beginning of the marketing year with respect to which a quota has been proclaimed it is found that total supply is less than that specified in the original proclamation, quota must be increased accordingly.
- b. If the July or August crop estimate indicates that total supply as of the beginning of the marketing year is less than normal year's domestic consumption and exports plus 30% thereof, such fact must be proclaimed between the 20th of July or 20th of August, as the case may be, and quotas become ineffective.

E. National acreage allotment

- 1. Not later than July 15 of each calendar year a national acreage allotment for the next crop of wheat must be proclaimed, unless suspended under emergency powers of the Act.
- 2. The national acreage allotment is that acreage which will, on the basis of national average yield, produce an amount adequate, together with estimated carryover at the beginning of the marketing year, to make available a supply for that marketing year equal to 130 percent of a normal year's domestic consumption and exports.
 - a. Minimum national acreage allotment is 55 million acres. However, with respect to the 1954 crop, Public Law 117, 83d Congress, established a minimum acreage allotment of 62 million acres.

F. State acreage allotment

- 1. The national acreage allotment is apportioned among States on the basis of acreage seeded for production of wheat during preceding 10 calendar years, with adjustments for abnormal weather conditions and for trends in acreage during that period.

<u>State</u>	<u>1954 Acreage Allotment</u>	<u>State</u>	<u>1954 Acreage Allotment</u>
Alabama	9,753	New Jersey	63,710
Arizona	22,107	New Mexico	499,084
Arkansas	23,166	New York	335,228
California	561,442	North Carolina	319,257
Colorado	2,850,836	North Dakota	8,254,412
Connecticut	863	Ohio	1,754,468
Delaware	50,514	Oklahoma	5,212,994
Florida	226	Oregon	865,762
Georgia	103,075	Pennsylvania	721,166
Idaho	1,26,909	Rhode Island	663
Illinois	1,465,953	South Carolina	147,015
Indiana	1,319,718	South Dakota	3,154,176
Iowa	209,753	Tennessee	206,047
Kansas	11,874,832	Texas	4,800,863
Kentucky	221,393	Utah	358,471
Louisiana	827	Vermont	308
Maine	1,713	Virginia	317,372
Maryland	238,768	Washington	2,250,420
Massachusetts	835	West Virginia	56,462
Michigan	1,041,765	Wisconsin	73,077
Minnesota	936,681	Wyoming	324,368
Mississippi	9,178		
Missouri	1,287,559	Reserve	558,000
Montana	4,603,194		
Nebraska	3,659,818	Total	62,000,000
Nevada	15,591		
New Hampshire	108		

G. County acreage allotment

1. State acreage allotment is apportioned among counties on the basis of acreage seeded for production of wheat during the preceding 10 calendar years with adjustments for abnormal conditions and for trends in acreage during such period and for the promotion of soil conservation practices.

H. Farm acreage allotment

1. The county acreage allotment is apportioned among farms on the basis of:
 - a. Past acreage of wheat;
 - b. Tillable acres;
 - c. Crop rotation practices;
 - d. Type of soil; and
 - e. Topography.

2. Public Law 117, 83d Congress, provides that not more than 1% of the national acreage allotment shall be set aside for apportionment to farms in counties which are just coming into the production of wheat.

I. Farm marketing quota

1. The farm marketing quota is the actual production from the acreage planted to wheat on the farm, less the farm marketing excess.

- a. The farm marketing excess is the normal yield times the excess acres, but it may not exceed the difference between the actual production on the farm, less normal production of the acreage allotment.

J. Marketing quota penalty

1. Public Law 117, 83d Congress, establishes the rate of penalty for marketing excess wheat, during any year for which quotas are in effect, at 45 percent of the parity price.

2. Penalty may be postponed or avoided by

- a. Storing farm marketing excess in accordance with regulations established by the Secretary.
- b. Delivering such excess to the Secretary for his disposal.

3. Until farm marketing excess is stored, delivered to the Secretary, or the penalty paid

- a. Entire crop is subject to lien in favor of the United States;
- b. Each bushel of wheat marketed by the producer to any person within the United States is subject to penalty payable by the buyer who may deduct such penalty from the purchase price.

4. Farm marketing excess is subject to penalty even though it is used on the farm.

K. Exempt farms

1. A wheat marketing quota is not applicable to any farm on which acreage planted to wheat does not exceed 15 acres.

L. Job time table - 1954 Crop

<u>Job</u>	<u>Fiscal year in which performed</u>
1. Acreage allotments	
Collecting, reviewing and compiling basic data and reconstituting farms	1953 March-June 1953
Determining, computing, compiling and reviewing farm allotments and yields	1953-1954 April-July 1953
Preparing and mailing notices	1953, 1954 May-August 1953
Handling appeals	1954 July-October 1953
Measuring farms and computing acreages	1954, 1955 Oct.-Dec. 1953 May-July 1954
Auditing county committee records	1953, 1954 June 1953-June 1954
2. Marketing quotas	
Referendum held August 14, 1953, pursuant to provisions of Public Law 117, 83d Congress (normally must be held between date of issuance of proclamation and July 25, following)	1954
Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc.	1954, 1955, 1956 June 1954-July 1955
Auditing county committee records	1955, 1956 August 1954-July 1955

IV. Cotton Acreage Allotment and Marketing Quota Program

A. Proclamation of quotas

1. A national marketing quota must be proclaimed whenever, during any calendar year, it is determined that the total supply of cotton for the marketing year beginning in such calendar year:
 - a. Exceeds normal supply for Upland cotton
 - b. Exceeds normal supply by more than 8 percent for long staple cotton
2. Quotas must be proclaimed not later than October 15 preceding the calendar year in which the marketing year begins.

B. Amount of quota

1. Upland cotton

a. The number of bales required to make available a normal supply, taking into account carryover at the beginning of the marketing year plus estimated imports.

b. Quota shall not be less than 10 million bales, or 1 million bales less than estimated consumption and exports for the marketing year ending in the calendar year in which the quota is proclaimed, whichever is the smaller.

(1) On October 9, 1953, a national marketing quota of 10 million bales was proclaimed for the 1954 crop.

Total supply, 1953-54 marketing year

Carryover, August 1, 1953	5,064,346 bales	
Indicated production, 1953 (October crop estimate)	15,314,700	"
Estimated imports	75,000	"
Total	20,454,046	"

Normal supply, 1953-54 marketing year

Domestic consumption, 1953	9,400,000	"
Estimated exports	3,200,000	"
30% allowance for carryover	3,780,000	"
Total	16,380,000	"

The total supply of upland cotton in running bales or equivalent, therefore, exceeds normal supply by 4,074,046 bales, or approximately 25 percent.

2. Extra long staple cotton

a. The quota shall not be less than the larger of 30,000 bales or the number of bales equal to 30 percent of estimated domestic consumption plus exports for the marketing year beginning in the calendar year in which the quota is proclaimed.

(1) On October 9, a national marketing quota of 30,000 bales was proclaimed for the 1954 crop of extra long staple cotton. It is the first time quotas have been proclaimed for long staple cotton.

- (2) Quotas will apply principally to American-Egyptian, Sea Island (in the continental United States and Puerto Rico) and Sealand cotton.
- (3) For the purposes of determining total and normal supply of long staple cotton, in addition to American-Egyptian and Sea Island, the total imports of extra long staple cotton, including total Egyptian and Peruvian imports, were taken into account (not including stocks of extra long staple cotton acquired pursuant to or under authority of the Strategic and Critical Materials Stockpiling Act).

Total supply 1953-54

Carryover, August 1, 1953	91,736 bales	
Indicated production 1953 crop (October crop estimate)	66,300	"
Estimated imports	<u>100,000</u>	"
Total	<u>258,036</u>	"
Normal supply 1953-1954	100,000	"
Exports	0	"
30% reserve for carryover	<u>30,000</u>	"
Total	<u>130,000</u>	"

The excess of total supply over normal supply is 128,036 bales. According to the foregoing determinations, the carryover on hand August 1, 1954 will be 158,036 bales, more than $1\frac{1}{2}$ years' supply at 1952-53 rates of consumption.

C. Referendum

1. Referendum must be held not later than December 15 following the issuance of the marketing quota proclamation.
2. In a referendum held December 15, farmers approved marketing quotas for the 1954 marketing year.

D. Termination of or increase in quotas

1. Quotas may be terminated or increased
 - a. To meet a national emergency
 - b. To meet an increase in export demand
 - c. To make available free of marketing restrictions a normal supply of cotton

E. National acreage allotment

1. The national acreage allotment is that acreage based on average yield per acre of cotton for 5 years immediately preceding the calendar year in which quota is proclaimed required to make available a supply of cotton equal to the national marketing quota.

- a. On October 9, 1953, a national acreage allotment of 17,910,448 acres for the 1954 crop of Upland cotton and an allotment of 41,261 acres for the 1954 crop of extra long staple cotton were proclaimed.

F. State acreage allotment

1. The national acreage allotment is apportioned to States on the basis of acreage planted to cotton (including the acreage regarded as planted under the provisions of Public Law 12, 79th Congress) during the 5 calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather conditions during such period.

- a. Public Law 28, 81st Congress, prohibits the use of 1949 cotton acreage in determining State, county, and farm allotments.

1954 Acreage Allotment		
State	Upland	Long staple
Alabama	1,139,121	
Arizona	288,223	16,271
Arkansas	1,562,684	
California	697,806	272
Florida	33,122	614
Georgia	1,005,862	185
Illinois	4,000	
Kansas	80	
Kentucky	9,136	
Louisiana	634,906	
Mississippi	1,759,641	
Missouri	391,396	
Nevada	2,289	
New Mexico	167,243	7,144
North Carolina	528,638	
Oklahoma	929,202	
South Carolina	786,006	
Tennessee	575,891	
Texas	7,376,858	14,259
Virginia	18,344	
Puerto Rico		2,516
Total United States	17,910,448	41,261

G. County acreage allotment

1. The State acreage allotment less the State acreage reserve withheld by the State Committee which shall not be more than 10 percent (15 percent in the case of Oklahoma), is apportioned to counties on the basis of the same 5-year period as that used in apportioning the national acreage allotment to the States, with adjustments for abnormal weather conditions during such period.
2. The State acreage reserve is available for use:
 - a. For making adjustments in county allotments for recent trends in acreage and abnormal conditions adversely affecting plantings, or
 - b. For use by the County Committee for establishing allotments for new or small farms.

H. Farm acreage allotment

1. The county acreage allotment (less reserve) is apportioned to farms on which cotton has been planted in any one or more of the 3 years immediately preceding the year for which the allotment is determined, primarily on the basis of a county uniform percentage of cropland on the farm excluding acreage devoted to certain crops specified in the law.
 - a. Minimum acreage allotment for any farm shall not be less than the smaller of 5 acres or the highest acreage planted to cotton on the farm during the 3 preceding years, if the county acreage allotment less the county acreage reserve is adequate to make such minimum allotments.
 - b. Maximum acreage which can be allotted to a farm, in apportioning the county acreage allotment less the county acreage reserve, on the basis of a uniform percentage of cropland, will be the highest acreage planted to cotton on the farm in any of the 3 preceding years.
 - c. County acreage reserve which may be withheld by the county committee, plus any acreage made available from the State acreage reserve for small and new farms, is available to the county committee for:
 - (1) establishing fair and equitable allotments for all eligible farms taking into account land, labor, and equipment available for the production of cotton; crop rotation practices; the soil and other physical facilities affecting the production of cotton; abnormal conditions of production on such farms; or

(2) for establishing allotments for farms not otherwise eligible for an allotment.

I. Farm marketing quota

1. Actual production from acreage planted to cotton on the farm less farm marketing excess.
 - a. Farm marketing excess is normal yield times excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

J. Marketing quota penalty

1. The farm marketing excess is subject to penalty at a rate equal to 50 percent of parity price as of June 15 of the calendar year in which crop is produced for Upland cotton and for long staple cotton, penalty rate is the higher of 50 percent of parity price or 50 percent of support price.
 - a. Until penalty is paid all cotton produced on the farm is subject to penalty and lien on entire crop exists in favor of the United States.

K. Job time table - 1954 crop

<u>Job</u>	<u>Fiscal year in which performed</u>
1. Acreage allotments	
Collecting, reviewing, and compiling basic data and reconstituting farms	1953, 1954 (Mar.-July 1953)
Determining, computing, compiling, and reviewing farm allotments and yields	1954 (July-Nov. 1953)
Preparing and mailing notices	1954 (Sept.-Nov. 1953)
Handling appeals	1954 (Nov.-Dec. 1953)
Measuring farms and computing acreages	1954, 1955 (Apr.-Sept. 1954)
Auditing county committee records	1954, 1955 (Feb.-Dec. 1954)
2. Marketing quotas	
Referendum	1954 (Held Dec. 15, 1953)
Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc.	1954, 1955, 1956 (Apr. 1954-Aug. 1955)
Auditing county committee records	1955 (Nov. 1954-Mar. 1955)

V. Corn Acreage Allotment Program

On October 28, 1953 it was announced that there would be no marketing quotas on the 1954 crop of corn but that under mandatory provisions of existing legislation acreage allotments probably would be proclaimed at a later date for the commercial corn producing area.

The total supply of corn for the marketing year beginning October 1, 1953, was determined to be 3,961 million bushels (October 1 carryover plus estimated 1953 production, plus estimated 1953-54 imports). The normal supply was determined to be 3,481 million bushels (estimated domestic consumption for the preceding marketing year adjusted for trends plus estimated exports for the marketing year for which determination was made, plus 10% carryover allowance). The marketing quota level is 120 percent of normal supply or 4,177 million bushels. Since the total supply did not exceed the marketing quota level, it was not necessary to proclaim quotas for the 1954 crop.

The Agricultural Adjustment Act of 1938, (as amended), provides that the Secretary each year shall proclaim acreage allotments on corn produced in the commercial corn producing area by not later than February 1 of the calendar year for which such acreage allotment is determined, unless dispensed with under the emergency powers of the act. The commercial corn producing area is defined as

- A. All counties in which the average production of corn (excluding corn used as silage) during the preceding 10 calendar years, after adjustments for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more per acre of farm land in the county.
- B. Counties bordering on the commercial corn producing area which the Secretary finds will likely produce a comparable amount of corn during the year for which such area is determined. 803 counties are included in commercial corn producing area.

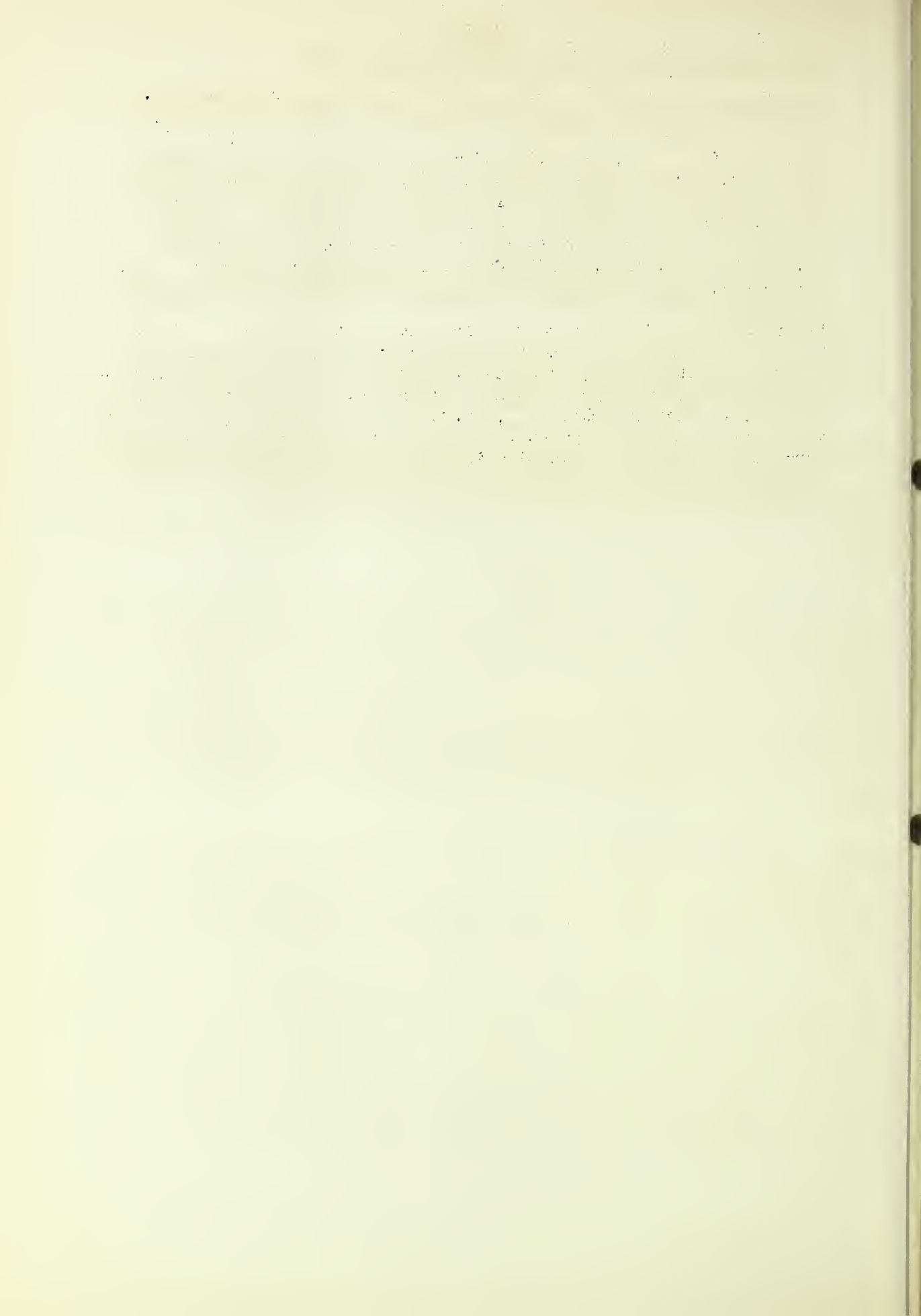
<u>Job</u>	<u>Fiscal Year in which performed</u>
<u>Acreage Allotments</u>	
Collecting, reviewing, and compiling basic data and reconstituting farms	1954 July 1953-April 1954
Determining, computing, compiling and reviewing farm allotments and yields	1954 Oct. 1953-Feb. 1954
Preparing and mailing notices	1954 February-March 1954
Handling appeals	1954 March-May 1954
Measuring farms and computing acreages	1954, 1955 June-September 1954
Auditing county committee records	1954, 1955 June-October 1954

VI] Rice Acreage Allotment and Marketing Quota Program

On December 29, 1953, it was announced that there would be no acreage allotments or marketing quotas on the 1954 crop of rice.

The supply of rice was determined to be below the quantity which would require the proclamation of quotas under the provisions of the Agricultural Adjustment Act of 1938, as amended. To be in quota position, the total supply of rice would have to exceed 62,610,000 bags of 100 pounds each of rough rice, whereas the actual supply of rice for 1953-54 was established at only 54,556,000 bags, or 8,054,000 bags less than the quantity required for quotas.

It was determined that acreage allotments on the 1954 crop of rice would be dispensed with under the authority of the Agricultural Adjustment Act of 1938, as amended, in view of the expected continuation of the heavy export demand which has prevailed during the last two years. Exports totaled 25,154,000 bags in 1952-53 and a larger volume is expected in 1953-54. Exports have been running about 50 percent of estimated production in the United States.



SUGAR PROGRAM

Purpose Statement

The principal objectives of the sugar program, carried out under the Sugar Act of 1948, as amended, are to protect the welfare of domestic producers, to provide consumers with adequate supplies of sugar at reasonable prices and to promote our general export trade. Provisions are also made to insure that a fair share of the consumers' dollar goes to domestic producers of sugar cane and sugar beets and to laborers working in cane and beet fields. The attainment of these objectives involves the determination of United States sugar requirements, the administration of quotas to regulate imports of sugar produced in foreign areas and marketing of sugar produced in domestic areas, and the making of payments to domestic producers of sugar beets and sugar cane.

The Continental United States produces sugar from both sugar beets and sugar cane. Additional quantities of sugar are produced from sugar cane in Hawaii, Puerto Rico, and the Virgin Islands. The domestic sugar output, produced at higher cost per unit than in foreign areas, falls far short of meeting the nation's requirements. To meet total needs, the United States must import substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower. However, under the present wage standards in domestic producing areas, unlimited imports (unless accompanied by a substantially higher tariff) would place domestic producers in an extremely difficult, if not impossible, competitive position, or would force drastic wage reductions in domestic areas. Moreover, the economy of most of the domestic cane sugar-producing areas is dependent on sugar-producing crops for which there is no feasible alternative.

Quotas - The Sugar Act of 1948, as amended, provides the quota system to balance supply with demand. Under quotas, the Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the sugar requirements for the coming year. The requirements for the calendar year 1954 were determined during December, 1953 to be 8,000,000 short tons, raw value.

The quota provisions of Public Law 140, 82nd Congress, approved September 1, 1951, became effective January 1, 1953. Basic calendar year quotas, under this legislation, for the five domestic producing areas - domestic beet, mainland cane, Hawaii, Puerto Rico and the Virgin Islands - total 4,444,000 tons, raw value, and for the Philippines, 974,000 tons, raw value. Quotas for other foreign countries, equal to the balance of requirements, are apportioned on the basis of 96 percent to Cuba and 4 percent to all other foreign countries.

Production Adjustment - The Act provides that if production in any area will be greater than the quantity necessary to fill the quota and provide a normal carry-over inventory, restrictive proportionate shares (Farm Marketing Allotments), shall be established. A restrictive program is designed to balance supplies within an area with the quota and normal carry-over requirements. The quota for the area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments - Domestic producers of sugar beets receive conditional payments averaging about \$2.50 per ton of beets. For producers of sugar cane the payments within the various domestic producing areas range from about 80 cents to \$1.62 per ton of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugar cane either produced in or brought into the continental United States.

Revenue - From the inception of the program in the 1938 fiscal year through the fiscal year 1953, \$1,136,190,861 of sugar excise and import taxes have been collected while expenditures under the program have amounted to \$867,016,914.

	<u>Estimated Available, 1954</u>	<u>Budget Estimate, 1955</u>
Appropriated funds	a/ \$59,608,287	\$59,600,000

a/ Excludes \$36,713 transferred to other appropriations for penalty mail costs.

(b) Sugar Act Program

Appropriation Act, 1954	\$59,645,000
Transferred to "Agricultural Adjustment Programs, Commodity Stabilization Service", pursuant to Public Law 286 for penalty mail	-36,713
Adjusted appropriation, 1954, and base for 1955	59,608,287
Budget Estimate, 1955	59,600,000
Decrease	a/ -8,287

SUMMARY OF INCREASES AND DECREASES, 1955

An increase in mandatory payments to sugar producers for the 1954 crop	+6,776
A decrease in operating expenses	-92,063
An increase to provide a contingency reserve for use if it be- comes necessary to impose restrictive proportionate shares on the 1955 beet crop	+77,000

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
1. Payments to sugar pro- ducers:				
(a) Continental beet area	\$24,822,988	\$30,121,395	+\$59,205	\$30,180,600
(b) Continental cane area	5,482,063	8,521,200	-781,110	7,740,090
(c) Offshore cane area	33,224,136	19,558,629	+728,681	20,287,310
Total payments	63,529,187	58,201,224	+6,776	58,208,000
2. Operating expenses (including contingency reserve)	1,469,589	b/ 1,407,063	-15,063	1,392,000
Cost under Penalty Mail Act (P. L. 286)	-	[13,287]	[+1,786]	[15,073]
Total available or esti- mate	64,998,776	59,608,287	-8,287	59,600,000
Reduction pursuant to Sec- tions 411 and 412	+1,224	-	-	-
Transferred to "Agricul- tural adjustment pro- grams, Commodity Stabil- ization Service", pur- suant to P. L. 286	-	+36,713		
Total appropriation or estimate	65,000,000	59,645,000		

a/ The decrease, compared with the 1954 appropriation before making the trans-
fer of \$36,713 to another appropriation for penalty mail costs pursuant
to Public Law 286 is \$45,000.

b/ In addition, \$93,500 is available from prior-year balance.

INCREASES OR DECREASES

(1) The net decrease of \$8,287 in this item is comprised of the following:

(a) An increase of \$6,776 for conditional payments to sugar producers - The 1955 estimates would provide \$58,208,000 for payments to producers as compared with \$58,201,224 provided for that purpose in the 1954 appropriation. The production of sugar from the 1953 crop is expected to reach 4,681,000 short tons; raw value. Based on the average rates of payment during recent years in the various domestic areas, conditional payments for the 1953 crop (fiscal year 1954) will require a total of \$65,489,430. If the anticipated production materializes the difference of \$7,288,206 will be financed by using the unobligated balance of \$6,738,201 remaining under the 1953 appropriation and \$550,005 of the 1955 estimate.

The production of sugar from the 1954 crop (fiscal year 1955) is presently estimated at 4,644,000 tons, raw value. If the average rates of payment during recent years in the various domestic areas are applied to this estimated production, 1954 crop payments to producers would be \$64,874,820. On the basis of these assumptions, \$7,216,825 of the Puerto Rican payments on the 1954-1955 crop would be deferred until funds therefore are provided in an appropriation for the fiscal year 1956. Referral of Puerto Rican payments does not create a problem, since payments on the 1954-1955 crop would not customarily be made before the beginning of the succeeding fiscal year.

The deferral is based on the recognized difficulty of predicting accurately the size of the 1954 crop so far in the future. Should present estimates of production prove to be high the indicated amount of payments to be deferred would be reduced. Similarly, if estimates prove to be low, additional payments would have to be deferred. The following tables indicate tonnage of production by areas, the source of financing and the number of payees under the 1952, 1953, and 1954 programs:

Production
(short tons, raw value)

Area	1952 Crop	1953 Crop (estimated)	1954 Crop (estimated)	Increase or Decrease, 1954 compared with 1953
Continental sugar beet area	1,519,000	1,800,000	1,800,000	- -
Continental sugar cane area	607,000	600,000	545,000	-55,000
Hawaii	1,020,450	1,079,000	1,097,000	+18,000
Puerto Rico	1,182,000	1,190,000	1,190,000	- -
Virgin Islands	12,000	12,000	12,000	- -
Total	4,340,450	4,681,000	4,644,000	-37,000

SOURCE OF FINANCING

Program Year	Fiscal Year Appropriation					Number of
	1952	1953	1954	1955	1956	Payees
1952 Sugar Program						
Payments to Producers:						
Continental Sugar Beet Area		\$24,763,783:				36,400
Continental Sugar Cane Area	\$2,500,000:	5,482,063:			\$24,763,783:	8,262
Hawaii	1,000,000:	8,400,000:			7,982,063:	1,042
Puerto Rico (1952-1953)		18,000,000:			9,400,000:	19,000
Virgin Islands		145,140:			18,000,000:	511
Total, 1952 Program payments ..	3,500,000:	56,790,986:			145,140:	65,215
1953 Sugar Program						
Payments to Producers:						
Continental Sugar Beet Area		59,205:	\$30,121,395:			45,000
Continental Sugar Cane Area		-	8,521,200:			8,530
Hawaii		6,678,996:	3,301,754:			1,200
Puerto Rico (1953-1954)			16,100,475:	\$550,005:		19,000
Virgin Islands			156,400:	-		510
Total, 1953 Program payments ..		6,738,201:	58,201,224:	550,005:	65,489,430:	74,240
1954 Sugar Program						
Payments to Producers:						
Continental Sugar Beet Area				30,180,600:		45,000
Continental Sugar Cane Area				7,740,090:		8,530
Hawaii				10,147,250:		1,400
Puerto Rico (1954-1955)				9,433,655:	\$7,216,825:	20,000
Virgin Islands				156,400:		510
Total, 1954 Program Payments ..				57,657,995:	7,216,825:	75,440
Total Program payments		63,529,187:	58,201,224:	58,208,000:		
Operating expenses		1,469,589:	1,407,063:	1,315,000:		
Reduction pursuant to Sections 411						
and 412		+1,224:				
Transferred pursuant to P. L. 286 ..			+36,713:			
Contingency reserve				77,000:		
Total Appropriation or Estimate		65,000,000:	59,645,000:	59,600,000:		

(b) A decrease of \$92,063 in operating expenses -

A decrease in operating expenses by curtailing Washington, State and County activities, consisting of (a) a decrease of \$20,000 by revision of coverage in the study of invisible sugar supplies; and (b) a decrease of \$23,985 by reducing the amount of compliance checking at the County Office level; and by savings of \$48,078 resulting from the elimination of the cost-of-living differential in the Caribbean Area Office in Puerto Rico, pursuant to Civil Service Commission regulations.

(c) An increase of \$77,000 for contingency reserve -

A contingency reserve of \$77,000 is proposed for use only in the event it is necessary for the Secretary to impose restrictive proportionate shares on the 1955 beet crop. Such funds will be released from budgetary reserve only in such amounts and at such times as determined to be necessary. Conditions anticipated in 1955 in the beet area make it likely that restrictive proportionate shares will be necessary to maintain supplies within quota and carryover requirements. Restrictive proportionate shares are required by legislation in any domestic area when the production will be greater than the quantity necessary to fill the sugar quota and provide a normal carryover inventory for such area. When restricted, specific shares are assigned to farms to adjust crop output to the supply requirements and to assure that each farm will share in the adjustment equitably.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 [To enable the Secretary] For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), [~~\$59,645,000~~] \$59,600,000, to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar
- 2 producers shall not exceed [~~\$1,445,000~~] \$1,392,000, of which \$77,000 shall be placed in reserve to be apportioned pursuant to Section 3679 of the Revised Statutes, as amended, for use as may become necessary for applying restrictive proportionate shares on the 1955 beet crop.

The first change eliminates the words "To enable the Secretary" and substitutes in lieu thereof "For necessary expenses" for the purpose of making the language consistent with that carried for other items in the Agricultural Appropriation Act. Therefore, the proposed change will in no way affect the nature or scope of the work being conducted.

The second change in language decreases the amount of the administrative expense limitation to \$1,392,000, of which \$77,000 would be placed in reserve for use only in the event it becomes necessary to impose restrictive proportionate shares on the 1955 beet crop. The need for this change is explained more fully above in the justification of this estimate.

STATUS OF PROGRAM

The program carried out pursuant to the provisions of the Sugar Act insures an adequate supply of sugar at reasonable prices, maintains a healthy and competitive domestic sugar industry of limited size and contributes to the economic and political stability of our foreign supply areas, thus improving our export trade in other commodities.

Sugar Requirements

The Act provides that the Secretary of Agriculture shall determine, in December of each year, the sugar requirements for the succeeding year. This determination may be revised during the course of the year as developments warrant.

The Sugar Act cites the following criteria for consideration in determining sugar requirements:

1. Distribution of sugar for the 12 months ending October 31 preceding the beginning of the year;
2. Deficiency or surplus in inventories of sugar;
3. Level and trend of consumers' purchasing power;
4. Changes in population and demand conditions;
5. Relationship of wholesale refined sugar prices to the consumers' price index for two periods:

- a. The calendar year for which the consumer requirement determination is made, and
- b. The period between January-October 1947

Sugar Quotas

The Sugar Act establishes quotas for the domestic areas and the Philippines in terms of absolute quantities. The balance of requirements is divided between Cuba and other foreign countries in a manner specified in the Act. The requirement determination for the calendar year 1953, prevailing on December 1, 1953, was 8,100,000 short tons as compared to the final 1952 quotas totaling 7,900,000 short tons.

Sugar quotas for the calendar years 1952 and 1953 which prevailed at the indicated dates during the fiscal years 1953-1954 are shown in the following table:

(Short tons, raw value)				
Production Area	1952 Final Quotas		1953 Quotas	
	: Adjusted :		:	
	Basic	for all	As of	Issued
	Effective	Prorations:	June 30	11/9/53
	11/29/52	of Deficits:		
Domestic beet sugar	1,800,000	1,560,000	1,800,000	1,620,000
Mainland cane sugar	500,000	533,296	500,000	517,291
Hawaii	1,052,000	972,000	1,052,000	1,088,382
Puerto Rico	910,000	982,860	1,080,000	1,117,351
Virgin Islands	6,000	6,400	12,000	12,415
Philippines	974,000	774,000	974,000	874,000
Cuba	2,621,851	3,025,295	2,382,720	2,759,281
Other Foreign Countries	36,149	46,149	99,280	111,280
Total	7,900,000	7,900,000	7,900,000	8,100,000

Allotment of Quotas

The Act provides for allotment of the quota for any area when necessary to afford each processor an opportunity to market his sugar within the area's quota, to insure orderly marketing and adequate and stable flow of sugar to consumers. Allotments are in effect for Puerto Rico and mainland cane area for the calendar year 1953 and are in prospect for 1954 for these areas and for the domestic beet area.

Establishing Restrictive Proportionate Shares

Proportionate shares for sugar cane and sugar beet farms must be established for each crop, since marketing within such shares constitutes a condition for payments to producers under the Sugar Act. Restrictive proportionate shares are required in any area when indications are that production will be greater than the quantities necessary to fill the sugar quotas and provide a normal carryover inventory for such area. Restrictive proportionate shares were imposed on the 1952-1953 Puerto Rican crop and restrictions are being continued for the 1953-1954 crop. Restrictive proportionate shares have also been established for the 1954 crop in the mainland sugar cane area.

Payments to Producers

Preliminary totals indicate that, pursuant to Title III of the Sugar Act of 1948, conditional payments on the 1952 crop of \$60,290,986 will be made to about 65,000 sugar beet and sugar cane producers in 23 States and in Hawaii, Puerto Rico and the Virgin Islands. These producers qualified for payments by meeting certain conditions with respect to child labor, wage rates, proportionate shares established for the farms, and in the case of processor-producers, payment of fair and reasonable prices for sugar beets or sugar cane purchased from other producers. Included in these payments will be about \$2,500,000 for partial crop losses covering bona fide acreage abandonment and crop

deficiencies resulting from drought, flood, storm freeze, disease or insects. Abandonment payments are made on the basis of one-third of the normal yield of commercially recoverable sugar on the acreage abandoned. Crop deficiency payments on harvested acreage are made on the difference between actual yield and 80 percent of normal yield.

The base rate of payment to producers is 80 cents per 100 pounds of sugar commercially recoverable, raw value. This rate is scaled down for farms which produce in excess of 350 tons of sugar and declines to a minimum of 30 cents per 100 pounds on that part of the farm's total production in excess of 30,000 short tons of sugar.

Estimated total payments to be made to producers in the several domestic sugar-producing areas, the part of these payments which relates to acreage abandonment and crop deficiencies, and the number of payees for the 1951 and 1952 crop years as shown in the following table:

Domestic sugar-producing areas		1951		1952	
Area		Estimated total payments	Number of payees	Estimated total payments	Number of payees
Ala.		1,200,000	1,200	1,200,000	1,200
Ark.		1,200,000	1,200	1,200,000	1,200
Cal.		1,200,000	1,200	1,200,000	1,200
Col.		1,200,000	1,200	1,200,000	1,200
Fla.		1,200,000	1,200	1,200,000	1,200
Ga.		1,200,000	1,200	1,200,000	1,200
Idaho		1,200,000	1,200	1,200,000	1,200
Ill.		1,200,000	1,200	1,200,000	1,200
Ind.		1,200,000	1,200	1,200,000	1,200
Iowa		1,200,000	1,200	1,200,000	1,200
Kan.		1,200,000	1,200	1,200,000	1,200
Ky.		1,200,000	1,200	1,200,000	1,200
La.		1,200,000	1,200	1,200,000	1,200
Maine		1,200,000	1,200	1,200,000	1,200
Mass.		1,200,000	1,200	1,200,000	1,200
Mich.		1,200,000	1,200	1,200,000	1,200
Minn.		1,200,000	1,200	1,200,000	1,200
Miss.		1,200,000	1,200	1,200,000	1,200
Mo.		1,200,000	1,200	1,200,000	1,200
Mont.		1,200,000	1,200	1,200,000	1,200
Nebr.		1,200,000	1,200	1,200,000	1,200
Nev.		1,200,000	1,200	1,200,000	1,200
N.H.		1,200,000	1,200	1,200,000	1,200
N.J.		1,200,000	1,200	1,200,000	1,200
N.Y.		1,200,000	1,200	1,200,000	1,200
Ohio		1,200,000	1,200	1,200,000	1,200
Okla.		1,200,000	1,200	1,200,000	1,200
Ore.		1,200,000	1,200	1,200,000	1,200
Pa.		1,200,000	1,200	1,200,000	1,200
R.I.		1,200,000	1,200	1,200,000	1,200
S.C.		1,200,000	1,200	1,200,000	1,200
S.D.		1,200,000	1,200	1,200,000	1,200
Tenn.		1,200,000	1,200	1,200,000	1,200
Tex.		1,200,000	1,200	1,200,000	1,200
Vt.		1,200,000	1,200	1,200,000	1,200
Wash.		1,200,000	1,200	1,200,000	1,200
W.Va.		1,200,000	1,200	1,200,000	1,200
Wis.		1,200,000	1,200	1,200,000	1,200
Wyo.		1,200,000	1,200	1,200,000	1,200
Total		1,200,000	1,200	1,200,000	1,200

Payments Under the Sugar Act of 1948 and Number of Payees,
in the Domestic Sugar Producing Areas
Crop Years 1951 and 1952 1/

	: Domestic	: Mainland	: Hawaii	: Puerto Rico	: Virgin Islands	: Total
	: Beet Sugar	: Cane Sugar Area		: Rico 2/	: Islands:	
Payments on sugar	:	:	:	:	:	:
beets or sugar	:	:	:	:	:	:
cane:	:	:	:	:	:	:
1951	\$25,037,794	\$5,757,909	\$9,143,042	\$18,928,168	\$98,000	\$58,964,913
1952	23,968,783	7,974,063	9,400,000	16,300,000	145,140	57,787,986
Abandonment and	:	:	:	:	:	:
deficiency	:	:	:	:	:	:
payments:	:	:	:	:	:	:
1951	882,000	710,000	- -	- -	-	1,592,000
1952	795,000	8,000	- -	1,700,000	-	2,503,000
Total payments:	:	:	:	:	:	:
1951	25,919,794	6,467,909	9,143,042	18,928,168	98,000	60,556,913
1952	24,763,783	7,982,063	9,400,000	18,000,000	145,140	60,290,986
Payees:	:	:	:	:	:	:
1951	41,439	3,781	1,199	18,850	511	70,780
1952	36,400	8,262	1,042	19,000	511	65,215

1/ Preliminary.
2/ 1951-1952 and 1952-1953 crops.

Excise and Import Taxes

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the continental United States. The following table shows the taxes collected compared with obligations under the sugar program:

Sugar Tax Collections Compared with Obligations
Under the Sugar Program

Fiscal Year	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938	\$30,569,130:	\$2,812,488:	\$33,381,618:	\$22,074,400
1939	65,414,058:	3,494,636:	68,908,694:	52,460,654
1940	68,145,358:	5,461,115:	73,606,473:	47,212,400
1941	74,834,839:	4,876,470:	79,711,309:	47,677,678
1942	68,229,803:	3,778,003:	72,007,806:	47,869,513
1943	53,551,777:	3,383,987:	56,935,764:	55,638,374
1944	68,788,910:	3,906,567:	72,695,477:	54,818,026
1945	73,293,966:	3,262,197:	76,556,163:	52,359,899
1946	56,731,986:	3,059,490:	59,791,476:	48,418,425
1947	59,151,922:	4,755,224:	63,907,146:	53,343,569
1948	71,246,834:	3,275,892:	74,522,726:	54,796,514
1949	76,174,356:	4,139,161:	80,313,517:	71,880,810
1950	71,188,029:	3,899,072:	75,087,101:	59,935,494
1951	80,191,884:	3,468,405:	83,660,289:	63,694,617
1952	78,473,191:	3,603,936:	82,077,127:	69,837,765
1953	78,161,259:	4,866,916:	83,028,175:	64,998,776
Total	1,074,147,302:	62,043,559:	1,136,190,861:	867,016,914

1/ Tax collections exceed total program obligations in the amount of \$269,173,947 for fiscal years 1938 through 1952.

Wage and Price Determinations

Determination of fair and reasonable wages and prices are made in accordance with the provisions of the Sugar Act of 1948, as amended. The Act specifies certain requirements that must be met by producers of sugar cane and sugar beets for such producers to be eligible to receive payments under the Act. One requirement is that such producers pay wages to sugar cane and sugar beet workers which are not less than those determined by the Secretary of Agriculture to be fair and reasonable. Another requirement is that producers who purchase sugar cane or sugar beets from other producers for processing pay prices for such sugar cane or sugar beets which are not less than those determined by the Secretary to be fair and reasonable. Accordingly, following annual public hearings on these matters, determinations of fair and reasonable

wages and prices are issued for each crop in each of the domestic sugar producing areas which include the beet area, the mainland cane area (Louisiana and Florida), Hawaii, Puerto Rico and Virgin Islands.

Program Administration

The Sugar Program is administered in the county by elected county and community committeemen and in the State by a State Committee appointed by the Secretary, which is composed of resident farmers.

Administrative expense allocations to States are based upon workload indicators for the previous year adjusted to reflect any contemplated changes in program operations.

The following tables set forth the workload data in connection with the 1953 crop (fiscal year 1954):

Sugar Act Program (Beet)				
Workload Data for the 1953 Crop				
State	: : Number : of : Counties	: : Number : of : Farms	: : Estimated : Planted : Acreage	
Illinois	: 5	: 166	: 1,400	
Indiana	: 4	: 26	: 150	
Iowa	: 5	: 18	: 3,000	
Kentucky	: -	: -	: -	
Michigan	: 37	: 4,170	: 54,000	
Missouri	: -	: -	: -	
Ohio	: 22	: 1,088	: 16,000	
Wisconsin	: 26	: 805	: 10,000	
Midwest Area	: 99	: 6,273	: 84,550	
Arizona	: 1	: 2	: 50	
California	: 32	: 1,835	: 173,000	
Colorado	: 26	: 5,313	: 121,000	
Kansas	: 11	: 107	: 5,000	
Nevada	: -	: -	: -	
New Mexico	: 4	: 37	: 400	
Oklahoma	: -	: -	: -	
Texas	: 6	: 41	: 1,000	
Utah	: 15	: 2,118	: 28,000	
Southwest Area	: 95	: 9,453	: 328,450	

Sugar Act Program (Beet)--continued
Workload Data for the 1953 Crop

State	: Number of Counties	: Number of Farms	: Estimated Planted Acreage
Idaho	: 24	: 4,098	: 82,000
Minnesota	: 22	: 1,018	: 63,000
Montana	: 22	: 1,528	: 45,000
Nebraska	: 24	: 2,126	: 56,000
North Dakota	: 9	: 713	: 34,000
Oregon	: 4	: 530	: 17,000
South Dakota	: 4	: 130	: 5,000
Washington	: 8	: 1,018	: 32,000
Wyoming	: 11	: 1,113	: 35,000
Northwest Area	: 128	: 12,274	: 369,000
Total States	: 322	: 28,000	: 782,000

Sugar Act Program (Cane)
Workload Data for the 1953 Crop

State or Area	: Number of Counties	: Number of Mill Areas	: Plantation Mill Districts	: Number of Farms	: Estimated Planted Acreage	: Harvested Acres
Florida	: 4	: -	: -	: 28	: 45,100	: -
Louisiana	: 20	: -	: -	: 6,000	: 300,000	: -
Puerto Rico	: -	: 33	: -	: 18,500	: -	: 340,000
Hawaii	: -	: -	: 28	: 740	: -	: 115,000
Virgin Islands	: -	: 1	: -	: 511	: -	: 4,500
Total	: 24	: 34	: 28	: 25,779	: 345,100	: 459,500

(c) Administrative Expenses, Section 392,
Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account, amounts estimated to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State Agricultural Stabilization and Conservation Offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them through the Commodity Stabilization Service. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1954, as shown below and base for 1955.....	\$15,317,476
Transfers, 1955, as shown below.....	13,567,986
Decrease.....	-1,749,490

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1953	1945 (estimated)	1955 (estimated)	Increase or Decrease
<u>Agricultural Conservation</u>				
Program:				
For administration of Agricultural Conservation Program.....	\$4,480,251	\$4,142,924	\$3,637,324	-\$505,600
For administration of Farm Land Restoration Program.....	69,950	25,000	--	-25,000
Total, Agricultural Conservation Program.....	4,550,201	4,167,924	3,637,324	-530,600
<u>Agricultural Adjustment</u>				
Programs:				
For administration of acreage allotment and marketing quota and in 1953 and 1954, assistance to selective service.....	2,995,781	6,507,000	5,725,000	-782,000

Purpose for which funds are transferred into this account	1953	1954 (estimated)	1955 (estimated)	Increase or Decrease
Sugar Act Program:				
For administration of sugar payment program...	\$702,979:	\$665,115:	\$563,300:	-\$101,815
Salaries and Expenses, Defense Production Activi- ties:				
For services in connec- tion with the agricul- tural phases of de- fense production.....	41,500:	--	--	--
Operating and Administra- tive Expenses, Federal Crop Insurance Corpora- tion:				
For services in connec- tion with Federal crop insurance program.....	342,570:	117,900:	--	-117,900
Flood Prevention, Agricul- ture:				
For services in connec- tion with preliminary examinations and surveys and general basin in- vestigations.....	4,024:	--	--	--
Other:				
For services in connec- tion with price support and procurement programs and other miscellaneous programs.....	3,645,130:	3,859,537:	3,642,362:	-217,175
Total available.....	12,282,185:	15,317,476:	13,567,986:	-1,749,400
Unobligated balance, esti- mated savings.....	-375,744:	--	--	--
Total obligations 1/.....	11,906,441:	15,317,476:	13,567,986:	-1,749,490

1/ Includes allotments to other agencies as follows:

	1953	1954 (estimated)	1955 (estimated)
Extension Service.....	\$799	\$800	\$800
Agricultural Marketing Service...	34,760	280,000	231,000

WORK PERFORMED WITH FUNDS OBLIGATED IN 1953

Agricultural Conservation Program

Applications processed.....	2,282,268
Farms receiving conservation materials or services.....	1,135,938
Participating farms.....	2,285,266
Counties in program.....	3,030

Agricultural Adjustment Programs (Acreage allotments and marketing quotas)

	<u>Tobacco</u>	<u>Peanuts</u>	<u>Wheat</u>
Allotments established.....	600,046	139,605	1,742,550
Allotted acreage.....	1,667,269	1,678,481	62,000,000
Counties in program.....	763	524	2,674

Sugar Program

Number of farms.....	37,060
Number of acres.....	1,049,811
Number of counties.....	327

Crop Insurance

County programs.....	922
Contracts in force.....	406,630

Price Support

Total loans and purchase agreements.....	1,091,448
Number of counties having completed loans.....	2,446
Counties with price support programs.....	2,980

Grain Storage Structures

Counties with storage-structure sites.....	786
Grain storage structures.....	120,761

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the problem and the objectives of the research.

2. The second part of the report is a detailed description of the methods used in the study. It includes a discussion of the experimental design, the data collection procedures, and the statistical analysis techniques.

3. The third part of the report is a presentation of the results of the study. It includes a discussion of the findings and their implications for the field of research.

4. The fourth part of the report is a conclusion and a discussion of the limitations of the study. It also includes a list of references and an appendix.

5. The fifth part of the report is a summary of the main findings of the study. It includes a discussion of the conclusions and the implications of the research.

6. The sixth part of the report is a list of references and an appendix.

7. The seventh part of the report is a list of references and an appendix.

8. The eighth part of the report is a list of references and an appendix.

9. The ninth part of the report is a list of references and an appendix.

10. The tenth part of the report is a list of references and an appendix.

11. The eleventh part of the report is a list of references and an appendix.

12. The twelfth part of the report is a list of references and an appendix.

(d) Local Administration, Section 388,
Agricultural Adjustment Act of 1938

This appropriation account for Agricultural Stabilization and Conservation county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the ASC county offices.

The ASC county and community committees are responsible for the local administration of programs dealing directly with farmers. The elected ASC county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriation from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1954, as shown below and base for 1955.....	\$98,912,782
Transfers, 1955, as shown below.....	80,856,266
Decrease.....	<u><u>-18,056,516</u></u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1953	1954 (estimated)	1955 (estimated)	Increase or Decrease
<u>Agricultural Conservation</u>				
Program:				
For administration of Agricultural Conservation Program.....	\$21,637,654	\$21,107,250	\$18,378,200	-\$2,729,050
For administration of Farm Land Restoration Program....	205,792	175,000	—	-175,000
Total Agricultural Conservation Program	21,843,446	21,282,250	18,378,200	-2,904,050
<u>Agricultural Adjustment Programs:</u>				
For administration of acreage allotment and marketing quota programs and in 1953 and 1954, assistance to Selective Service agencies.....	9,710,000	37,421,000	36,391,000	-1,030,000
<u>Sugar Act Program:</u>				
For administration of sugar payment program.....	285,000	361,100	334,600	-26,500

Purpose for which funds are transferred into this account	1953	1954 (estimated)	1955 (estimated)	Increase or Decrease
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal crop insurance program.....	\$1,992,075	\$472,000	--	\$-472,000
Other:				
For services in connection with price support programs and other miscellaneous services.....	4,856,869	39,376,432	25,752,466	-13,623,966
Total available for obligation.....	1/38,687,390	1/98,912,782	1/80,856,266	-18,056,516
Unobligated balance, estimated savings.....	-2,013,237	--	--	--
Obligations incurred.....	-36,674,153	98,912,782	80,856,266	-18,056,516

1/ Includes allotments to other agencies as follows:

	1953	1954	1955
Extension Service.....	\$2,900	\$4,500	\$4,500

Funds from this appropriation account are advanced to the ASC county committees each month or quarter on the basis of their estimate of requirements for the period. These funds are deposited in the county committee accounts and used to pay the expenses of the committees. Unobligated balances in the bank accounts at the end of each month or quarter are used to pay expenses incurred in the following month or quarter. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1950, \$2,463,763; 1951, \$1,151,336; 1952, \$807,511; 1953, \$1,211,860.

The ASC county committees perform certain functions for the Commodity Credit Corporation in connection with the CCC grain storage structure program and other CCC program. This work which includes erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., is paid for from the county committee bank accounts.

During the fiscal year 1953, the funds expended were refunded to the account by sight drafts drawn on CCC corporate funds. During the fiscal years 1954 and 1955, the funds will be transferred to the account from the CCC corporate funds. The CCC funds in the account are advanced to the LSC county committees in the same manner as other funds. The amount of refunds in the fiscal year 1953 was \$13,604,186. Advances are estimated at \$34,519,392 for the fiscal year 1954 and \$20,971,583 for the fiscal year 1955.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1953

Agricultural Conservation Program

Applications processed.....	2,282,268
Farms receiving conservation materials or services....	1,135,938
Total farms eligible to participate.....	5,466,603
Participating farms.....	2,285,266
Counties in program.....	3,030

Agricultural Adjustment Programs (Acreage Allotments and Marketing Quotas)

	Tobacco	Peanuts	Wheat
Allotments established.....	600,046	139,605	1,742,550
Allotted acreage.....	1,667,269	1,678,481	62,000,000
Counties in program.....	763	524	2,674

Sugar Program

Number of farms.....	37,060
Number of acres.....	1,049,811
Number of counties.....	327

Crop Insurance

County programs.....	922
Contracts in force.....	406,630

Price Support

Number of warehouse-stored loans.....	604,465
Number of farm-stored loans.....	375,042
Number of counties having completed loans.....	2,446
Number of lending agencies (approved).....	7,563
Number of warehouse inspections and reinspections.....	18,544
Number of inspections of farm-stored commodities.....	1,102,433
Number of loans and purchase agreements under which CCC acquired the commodity.....	287,034

Grain Storage Structure Program

Number of storage-structure sites.....	3,462
Number of storage structures.....	120,761

1. 1990年12月25日，在“九七”香港回归前夕，香港各界人士纷纷发表文章，就香港前途问题提出自己的看法。

[illegible]

1. The first group of people who are interested in the study of the history of the world are the historians. They are the people who study the past and write about it. They are the people who tell us what happened and why it happened. They are the people who help us to understand the world and ourselves.

[illegible][illegible][illegible]

1. The first group of students, consisting of 10 students, was assigned to the control group. They were given the standard curriculum and no additional instruction.

2. The second group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

3. The third group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

4. The fourth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

5. The fifth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

6. The sixth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

7. The seventh group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

8. The eighth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

9. The ninth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

10. The tenth group of students, consisting of 10 students, was assigned to the experimental group. They were given the standard curriculum and additional instruction in the form of a series of workshops.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which by November 30, 1953 were actually received or programmed for 1954 and 1955. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amount to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
<u>Allotments from:</u>			
Salaries and Expenses, Defense			
Production Activities, Agriculture:			
For requirements and allocations..	\$563,520:	- -	- -
For materials and facilities.....	941,145:	- -	- -
Total.....	1,504,665:	- -	- -
<u>Disaster Loans, Revolving Fund,</u>			
<u>Department of Agriculture - For</u>			
<u>emergency assistance in furnishing</u>			
<u>feed and seed to farmers and stock-</u>			
<u>men.....</u>	- -	\$40,000,000:	- -
Total.....	1,504,665:	40,000,000:	- -
<u>Allocations and Working Funds (Ad-</u>			
<u>vances from other agencies):</u>			
<u>Removal of surplus agricultural</u>			
<u>commodities:</u>			
Direct purchases.....	58,727,187:	208,675,000:	\$222,925,000
Encouragement of exportation.....	11,674,826:	16,150,000:	15,150,000
Diversion to by products and			
new uses.....	1,157,892:	80,000:	2,430,000
Surplus removal operating			
expenses.....	525,920:	770,800:	670,800
Total.....	72,085,825:	225,675,800:	241,175,800
<u>School lunch program:</u>			
Food assistance - commodity			
procurement (sec. 6).....	14,744,071:	15,000,000:	- -
Operating expenses.....	146,152:	158,019:	- -
Total.....	14,890,223:	15,158,019:	- -
<u>Commodity Credit Corporation:</u>			
For classification of cotton.....	44,917:	120,355:	- -
For grading of wool and mohair....	286,686:	255,174:	- -
Total.....	331,603:	375,529:	- -

(Continued on next page)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Department of the Army - To cover ocean shipment costs and expenses incurred under the Rice Purchase Agreement.....	469,307:	- -	- -
Department of the Air Force - For indexing and preparation of aerial photographs for mosaic and charting purposes.....	141,047:	200,000:	- -
Foreign Operations Administration: For providing or procuring com- modities for other agencies for distribution to foreign claimants.....	50,870,885:	66,698,514:	- -
For expenses in connection with training and technical assistance: activities.....	23,915:	23,350:	- -
For determination of surplus agri- cultural products pursuant to Section 112 of Foreign Assistance: Act 1948.....	3,799:	- -	- -
Total.....	50,898,599:	66,721,864:	- -
Disaster Relief, Executive Office of the President: To defray unrecoverable costs to the Commodity Credit Corporation: under the hay purchase program for States affected by drought..	7,500,000:	500,000:	- -
For assistance in furnishing hay to farmers in drought disaster areas.....	- -	10,000,000:	- -
Total.....	7,500,000:	10,500,000:	- -
Total, Allocations and Working Funds.....	146,316,604:	318,631,212:	241,175,800
Trust fund: Miscellaneous Contributed Funds, Department of Agriculture - For aerial survey and preparation of photographs and charts.....	239,697:	75,000:	75,000

(Continued on next page)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Obligations Under Reimbursements			
From Governmental and Other Sources:			
Agricultural Conservation Program -			
For sales of aerial photographs...	\$401,063	\$444,000	\$444,000
All other	346	- -	- -
Total, reimbursements.....	401,409	444,000	444,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS TO COMMODITY STABILIZATION SERVICE.....	148,462,375	359,150,212	241,694,800

Additional obligations from reimburse-			
ments under Administrative expenses,			
Commodity Credit Corporation:			
Supply and foreign purchase			
program.....	1,019,472	1,098,365	701,265
Emergency feed program.....	- -	400,000	50,000
International wheat agreement.....	298,442	282,023	282,295
Miscellaneous.....	121,238	80,376	41,000
Total.....	1,439,152	1,860,764	1,074,560

ADMINISTRATION OF PRICE ADJUSTMENT ACT OF 1938

The sum of \$212,000,000 was appropriated by the Price Adjustment Act of 1938, approved June 21, 1938 (52 Stat. 819-820), to enable the Secretary of Agriculture to make parity payments to producers of wheat, cotton, corn (in commercial corn producing area), rice and tobacco. Such sum was to be available until expended. \$23,323 was returned to the surplus fund of the Treasury and the remaining balance of \$112 representing collection made since the \$23,323 was deposited will be returned prior to the close of the fiscal year 1954.

ADVANCES TO AGRICULTURAL ADJUSTMENT ADMINISTRATION

The funds in this account were derived from proceeds from processing taxes, Agricultural Adjustment Act, in accordance with the Act of May 12, 1933, (48 Stat. 38) and any receipts should be deposited to the Surplus Fund of the Treasury in accordance with the Supreme Court decision invalidating certain sections of the Agricultural Adjustment Act and the Decision of the Comptroller General (A-69783) dated January 14, 1936. The unobligated balance of \$5,073 was returned to the surplus fund of the Treasury during fiscal year 1954.

PAYMENTS FOR AGRICULTURAL ADJUSTMENT

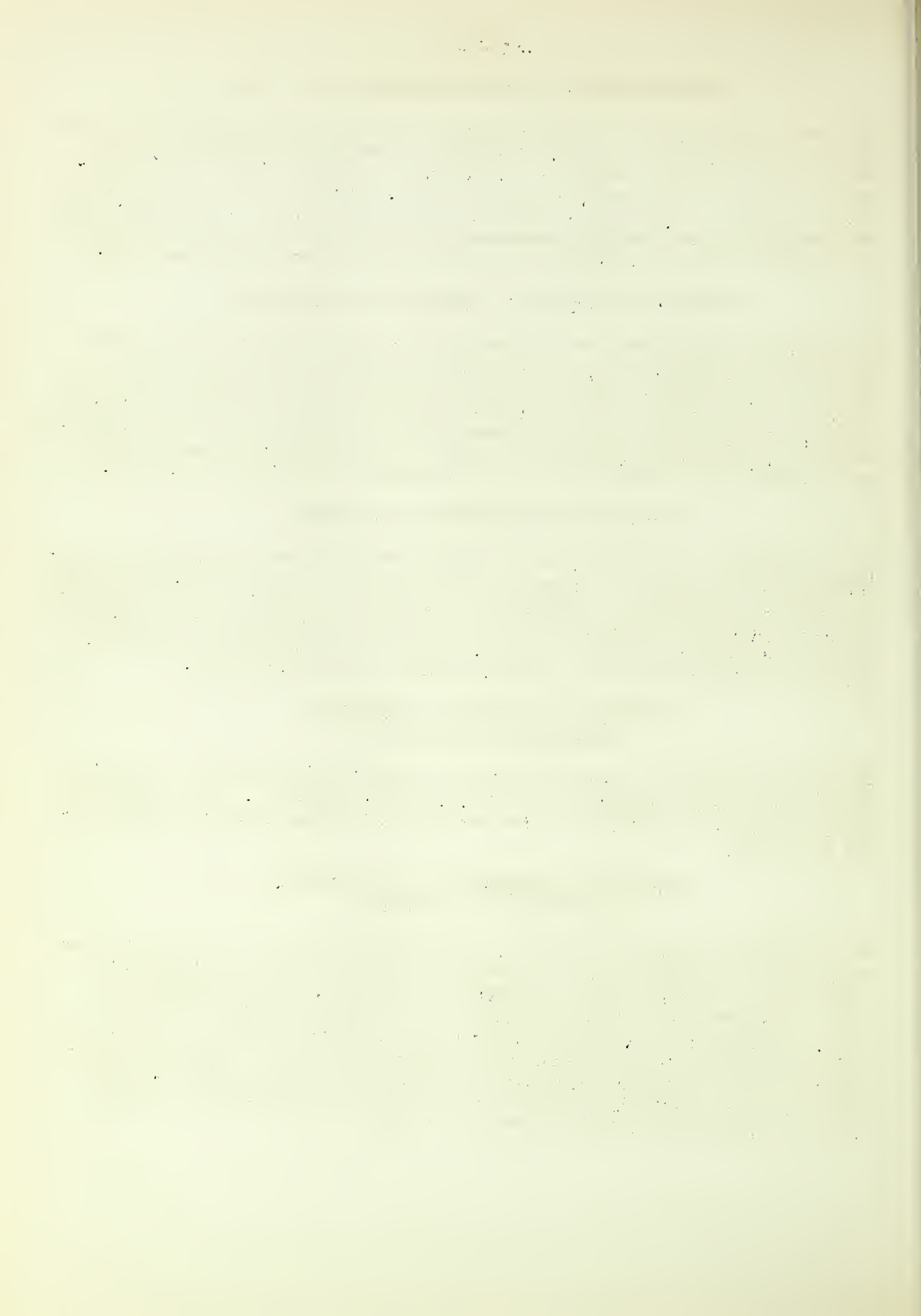
An appropriation of \$296,185,000 (to remain available until expended) was provided under this account by the Act of February 11, 1936 (49 Stat. 1116,1117) to enable the Secretary of Agriculture to meet all obligations and commitments incurred under the provisions of the Agricultural Adjustment Act as amended (Rental and Benefit Payment Program). The unobligated balance of \$324 was returned to the surplus fund of the Treasury in fiscal year 1953.

SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

The sum of \$100,000,000 was appropriated to remain available until expended, in accordance with provisions of 7 U.S.C. 608c - 608d, 612. The unobligated balance of \$161 was returned to the surplus fund of the Treasury during fiscal year 1953.

SUPPLY AND DISTRIBUTION OF FARM LABOR, DEPARTMENT OF AGRICULTURE

The farm labor program was originally established in 1943 to provide an adequate supply of workers for the production and harvesting of agricultural commodities essential to the prosecution of the war. The emergency farm labor recruitment and placement phases of the program expired December 31, 1947. Pursuant to Sec. 205 of Public Law 475, approved April 20, 1950, the balance remaining in the account was transferred to Public Housing Administration for operation and disposition of farm labor supply centers. The Budget schedule reflects a balance of \$537 which was transferred to Public Housing Administration during fiscal year 1953.



PASSENGER MOTOR VEHICLES

The 1955 estimates provide for the replacement of 4 passenger cars representing 25 percent of the total of 16 cars available to the Commodity Stabilization Service. These replacements are for Commodity Credit Corporation and related supply programs.

Passenger vehicles are replaced on the basis of justification with respect to mileage and age standards prescribed by the Bureau of the Budget which provide that vehicles to be replaced must be at least six or more years of age or driven 60,000 miles or more and other factors. These replacements are necessary for providing essential service under Commodity Stabilization Service programs. The cars are used for travel to places which are in most cases not accessible by common carrier, such as travel to market terminals, railroad yards, piers, grain elevators, and warehouses, except for one car used in Washington, D. C.

The Commodity Stabilization Service requires monthly operating reports and a periodic survey to determine the extent to which the vehicles are being used and their condition. The cars are assigned to those field offices which require the use of cars in the efficient operation of their programs. Cars which are found to be in excess of the needs of an office are reassigned to other locations where the need is greater, or declared surplus.

The age and mileage data for passenger motor vehicles on hand as of June 30, 1953, follows:

<u>Age Data</u>		<u>Mileage Data</u>	
<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Lifetime Mileage</u>	<u>Number of Vehicles</u>
1953	1	0 - 10,000	2
1952	-	10,000 - 20,000	5
1951	2	20,000 - 40,000	4
1950	4	40,000 - 60,000	2
1949	2	60,000 - 80,000	<u>3</u>
1948	2		
1947	1	Total	16
1946 & older	<u>4</u>		
Total	16		



FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation operates under authority of the Federal Crop Insurance Act, which was enacted as Title V of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1501-1519). It was created to furnish protection for the farmer's investment in producing crops against loss from unavoidable causes.

The crop insurance program is conducted on a limited basis to develop the experience necessary for the operation of a sound all-risk crop insurance plan on a national basis.

The need for the stabilizing influence of crop insurance has been emphasized by crop disasters of a sweeping nature which have been especially destructive in recent years. Since 1948, even though the Corporation operated in a limited number of counties, 107 million dollars has been paid out in indemnities to farmers who lost their crops through no fault of their own. This is significant when it is realized that practically all of these dollars were contributed by farmers in better years and were not derived from public assistance or Government emergency funds.

In accordance with the established policy of limited operations on an experimental basis, the 1954 crop insurance program will operate in 830 counties, furnishing insurance coverage of approximately 457 million dollars on wheat, cotton, flax, corn, tobacco, beans, citrus and multiple crops. It is estimated that 420,000 contracts will be in effect for the 1954 crop year, an increase of 13,000 over 1953.

Summary of Insurance Operations and Changes in Capital

	<u>Fiscal Years</u>		
	<u>1953</u>	<u>1954</u>	<u>1955</u>
Net capital at beginning of year ...	\$28,393,237	\$28,946,521	\$26,497,955
Additions to capital during the year:			
Insurance premiums (net)	21,185,873	27,170,640	29,382,000
Interest and other income	<u>161,013</u>	<u>175,000</u>	<u>175,000</u>
Total capital available for insurance operations during year	<u>\$49,740,123</u>	<u>\$56,292,161</u>	<u>\$56,054,955</u>
Deductions from capital during the year:			
Insurance indemnities	20,579,428	29,522,500	25,305,000
Loss adjustment and inspection cost	- -	- -	1,265,000
Provision for estimated bad debts	<u>214,174</u>	<u>271,706</u>	<u>281,000</u>
Total deductions from capital	<u>20,793,602</u>	<u>29,794,206</u>	<u>26,851,000</u>
Net capital at end of year	<u>\$28,946,521</u>	<u>\$26,497,955</u>	<u>\$29,203,955</u>

The crop insurance program is developed and analyzed in the Washington headquarters office and is administered in the field by 19 FCIC State Offices. The sales and servicing of contracts at the county level is performed by private individuals through contractual agreements with the Corporation. Program accounting and contract servicing functions are performed by a Branch Office in Chicago. As of November 30, 1953, the Corporation employed 471 full-time employees, 104 of whom were in Washington and the balance in the field; and 545 part-time employees, of whom 2 were in Washington and the balance in the field. The 2 Washington part-time employees are Board Members who are not otherwise employed by the Government.

	Estimated Available, <u>1954</u>	Budget Estimate, <u>1955</u>
Appropriated funds (Operating expenses) ^{a/}	\$7,450,000	\$5,700,000

^{a/} Includes \$100,000 transferred from other appropriations for penalty mail costs.

Operating and Administrative Expenses

Appropriation Act, 1954	\$7,350,000
Transferred from "Salaries and expenses, Rural Electrification Administration" pursuant to Public Law 286 for penalty mail	+100,000
Adjusted appropriation, 1954, and base for 1955	7,450,000
Budget Estimate, 1955	5,700,000
Decrease	<u>-1,750,000</u>

SUMMARY OF DECREASES, 1955

Decrease in underwriting and actuarial analysis costs	-\$135,000
Decrease in contract sales and servicing	-422,000
Decrease in crop inspections and loss adjustments.....	-1,193,000

PROJECT STATEMENT

Project	1953	1954 :(estimated):	Decreases	1955 :(estimated)
1. Underwriting and actuarial analysis	\$738,568	\$602,000	-\$135,000(1)	\$467,000
2. Contract sales and servicing	4,586,729	4,621,000	-422,000(2)	4,199,000
3. Crop inspections and loss adjustments	1,589,747	2,227,000	-1,193,000(3)	1,034,000
Unobligated balance	532,756	- -	- -	- -
Costs under Penalty Mail Act (P. L. 286)	[- -]	[100,000]	[+15,000]	[115,000]
Total available or estimate	7,447,800	7,450,000	-1,750,000	5,700,000
Transferred to "Eradication of foot-and-mouth and other contagious diseases of animals and poultry, Agricultural Research Administration"	+1,052,200	- -		
Transferred from "Salaries and expenses, Rural Electrification Administration"		-100,000		
Total appropriation or estimate	8,500,000	7,350,000		

General

In the modern era of commerce and industry, the practice of insuring against loss or damage which would endanger the investment in an enterprise has become recognized as a basic principle of sound business operations.

Through Federal Crop Insurance, the Government is endeavoring to make this same type of protection available to the nation's farmers who invest millions of dollars annually in producing food and fiber crops. The crop insurance program has the same business objective of other insurance—protection for a premium.

Because of the type and extent of risk involved, progress toward the goal of devising a practical plan whereby such crop insurance protection can be offered on a nation-wide scale must necessarily be conservative. While premium rate structures must be sufficient to cover indemnities and at the same time accumulate a reasonable reserve for contingencies, the cost of the protection must be kept within a range that will make it economical for the farmer to insure.

The widespread crop disasters that farmers in the various sections of the country have experienced during the past several years graphically illustrate the need for this type of insurance. The cost of farm operations has reached a point where the farmer can be put out of business because of financial distress if he fails to make a crop for even one year.

The 1955 fiscal year will be the first full year of operation under the various changes in program operations which have already been completed, or are scheduled for completion during the 1954 fiscal year. These revisions include simplification of the crop insurance policy provisions, general revision of rates and coverages, the sales and servicing of contracts by private agents directly responsible to the Corporation, payment of the direct cost of loss adjustment work from premium income, and the reorganization of the Washington and field offices.

These revisions are based on the results of operating experience for the past six years and are intended not only to increase the efficiency and economy of operations but also to put the crop insurance program on a sounder basis consistent with the operating methods and procedures of commercial insurance organizations.

DECREASES

The net decrease of \$1,750,000 for the crop insurance program for fiscal year 1955 is composed of the following:

(1) Decrease of \$135,000 under the project "Underwriting and actuarial analysis".

Actuarial organization: Actuarial policies are formulated by the underwriting staff of the Washington office. Statistical data on insurance experience are accumulated in the Chicago Branch Office. The insurance counties are divided into eight areas, with an actuarial supervisor for each area who works with local adjusters in checking necessary data and applying general actuarial policies to each of the individual counties.

Actuarial work is a continuous process: Actuarial work does not cease after coverage and rates are established for a county program. Unlike other insurance organizations, the crop insurance program has not been in operation long enough to have accumulated the broad actuarial experience so necessary to the establishment of sound rates and coverages. Therefore, as soon as each additional year's experience has been accomplished, this data must be incorporated into the actuarial structure immediately in order to refine the coverages and rates in line with operating experience. Consequently, there is a continuous annual procedure of reviewing causes of loss, adjusting county rates, screening out bad risks, analyzing current yield data and cost of production, etc.

Extensive revision of coverages and rates planned: A review of the Corporation's experience for the last six years indicates the necessity for a general revision of rates and coverages in order to provide for the accumulation of an insurance reserve at a rate more in line with sound insurance principles and to provide additional premium income to cover the cost of loss adjustment work. The main emphasis will be on multiple crop insurance. It is one of the newest plans of insurance in the program. Loss experience indicates the probability that premium rates may reflect too much credit for diversification. A complete review of the entire multiple program is now in process and will be completed in fiscal year 1955.

Cost of production and yield statistics: In order to establish coverages in accordance with the Crop Insurance Act, it is necessary to obtain current cost of production data annually. In prior years these data have been obtained on a contractual basis from other governmental agencies. Beginning with the fiscal year 1954, the costs of production for each insurable crop for each farming area and practice have been compiled by Corporation personnel. For the past few years, it has been necessary to obtain, on a contractual basis, average yields for a representative period for some 35 crops in 115 counties for use in establishing coverages and premium rates for multiple insurance. As there will be very limited expansion in multiple insurance in fiscal year 1955, no provision has been made for this work during the 1955 fiscal year. The estimated workload and cost are as follows:

Underwriting and Actuarial Analysis

Activity	Fiscal Year 1954		Fiscal Year 1955		Increase (+) or Decrease (-)
	No. of	Cost	No. of	Cost	
	Counties		Counties		
1. County survey work	910	\$93,180	900	\$58,190	-\$34,990
2. Crop production and acreage yield statistics:	910	60,000	-	-	-60,000
3. State, branch, and headquarters servicing costs	910	448,820	900	408,810	-40,010
Total cost		602,000		467,000	-135,000

(2) Decrease of \$422,000 under the project "Contract sales and servicing".

Decrease in participation: Sales efforts for the 1955 crop year will be restricted to replacement of cancellations to the extent of maintaining a 374,000 contract workload. This represents a decrease of 46,000 contracts under the 1954 crop year workload. During the 1955 fiscal year, administrative efforts will be directed toward the completion and consolidation of extensive program and operating changes initiated in 1954 with a view to strengthening the program.

Local agents will handle crop insurance: Administration of the crop insurance program at the county level will be handled by approximately 850 local agents on a commission basis. These agents will not be

government employees, but will operate on a contractual basis. The following schedule of commission fees will be in effect:

New contracts written \$4.00 flat fee plus 6% of the earned premium

Contracts carried over from previous year \$4.00 flat fee plus 3% of the earned premium

Generally a maximum commission of \$20.00 on new business, and \$12.00 per contract on old business will be in effect.

The commission cost of sales and servicing is predicated on a 374,000 contract workload with a premium income of \$25,042,000 as follows:

326,400 carryover contracts at \$4.00	\$1,305,600
47,600 new contracts at \$4.00	190,400
Earned premiums on carryover business-\$21,868,800 at 3%	656,064
Earned premiums on new sales-\$3,223,200 at 6%	193,446
	<u>\$2,345,510</u>

In order to earn a commission for any contract, the agent must obtain the acreage report and collect the premium by a specified date. This will be an incentive for the agent to obtain the acreage report early and collect the premium. Eventually this plan will materially reduce the cost of collection efforts on old indebtedness. By use of the combination of a flat fee and percentage of the premium, agents' earnings will be uniform in widely divergent areas where there are only a few contracts earning high premium, and areas where the average premium is relatively low and a large number of contracts are in force.

Insurance contract sales and statistics by commodity for crop years 1954 and 1955 are as follows:

Sales Summary by Commodity, Crop Year 1954

		Crop Year 1954 Sales						
1953		Replac-		Increase:		Contracts:		Number
Commodity:	Partici-	Carryover:	ment of	in	Total	in force	of	
	pation	from 1953:	Cancel-	Partici-		1954	Counties	
			lations	pation				
Beans ...	8,390:	6,960:	1,430:	1,310:	2,740:	9,700:	30	
Citrus ..	218:	150:	68:	42:	110:	260:	2	
Corn	40,429:	30,730:	9,699:	1,371:	11,070:	41,800:	105	
Cotton ..	38,434:	18,450:	19,984:	1,836:	21,820:	40,270:	105	
Flax	23,433:	18,260:	5,173:	427:	5,600:	23,860:	50	
Multiple..	50,217:	36,650:	13,567:	1,513:	15,080:	51,730:	110	
Tobacco ..	102,691:	59,500:	43,191:	3,909:	47,100:	106,600:	107	
Wheat ...	142,818:	118,600:	24,218:	2,962:	27,180:	145,780:	401	
Total ..	406,630:	289,300:	117,330:	13,370:	130,700:	1/420,000:	910	

1/ Excludes 12,575 additional sharecroppers.

Sales Summary by Commodity, Crop Year 1955

Commodity	Crop Year 1955 Sales					
	Carryover	Replace-	Increase	Total	Contracts	Number
	from 1954	ment of	in	in force	of	
	: from 1954	: Cancel-	: Partici-	: 1955	: Counties	
	: lations	: pation	:	:	:	
Beans	9,000	400	--	400	9,400	26
Citrus	200	65	235	300	500	2
Corn	34,400	5,800	--	5,800	40,200	110
Cotton	35,400	6,200	--	6,200	41,600	107
Flax	16,000	1,800	--	1,800	17,800	52
Multiple	38,000	7,000	--	7,000	45,000	92
Tobacco	63,400	20,900	--	20,900	84,300	111
Wheat	130,000	5,200	--	5,200	135,200	400
Total	326,400	47,365	235	47,600	1/374,000	900

1/ Excludes 16,000 additional sharecroppers.

Continuous contract: A continuous type contract is one that once sold remains in force year after year without the necessity of resale. Even though this type of contract is utilized, cancellations have been around 25 percent. The cancellation rates of 1952 contracts in force are as follows:

Cancellation Rate - 1952

Commodity	Producer	Corporation	Total	Participation Rate
Beans	12	17	29	39
Corn	18	6	24	16
Cotton	18	28	46	23
Flax	5	18	23	54
Multiple Crop	16	6	22	23
Tobacco	15	17	32	34
Wheat	10	7	17	29
All commodities	13	12	25	26

Under the new plan of commissions for agents, cancellations should be reduced materially because from a remunerative standpoint, the more business the agent maintains on a carryover basis, the greater his income will be. In turn this will improve the quality of the program not only by increasing premium income but by reducing to a minimum the selectivity afforded a farmer when he insures on an intermittent basis.

Collection of outstanding premiums: Although it is anticipated that the collection of premiums will greatly improve under the new agent's plan, there will be some accounts from previous crop years, which will still

be outstanding in the 1955 fiscal year. Corporation personnel will be responsible for collection efforts on old accounts. In some cases a demand letter to the insured will be sufficient. In some instances personal contacts will have to be made before collection is effected.

The estimated workload and cost are as follows:

Contract: Sales and Servicing

Servicing Item	Fiscal Year 1954			Fiscal Year 1955			Increase(+) or Decrease(-)
	Units	Average Cost	Total	Units	Average Cost	Total	
Agents com- mission	420,000	\$6.24	\$2,622,245	374,000	\$6.27	\$2,345,510	-\$276,735
Collection of old debts	91,356	.54	50,080	26,600	.50	13,307	-36,773
State, branch, and head-quarters servicing costs	420,000	4.64	1,948,675	374,000	4.92	1,840,183	-108,492
Total costs	420,000	11.00	4,621,000	374,000	11.23	4,199,000	-422,000

(3) Decrease of \$1,193,000 under the project "Crop inspections and loss adjustments".

Direct inspection and loss adjustment costs to be treated as non-administrative expense: Beginning with the 1955 fiscal year it is proposed that the direct costs of crop inspection and loss adjustment work performed by loss adjusters will be paid from premium income rather than from administrative funds appropriated by Congress. It is estimated that the cost of this work, based on a normal year with average losses, will amount to \$1,265,000. Indirect costs applicable to crop inspections and loss adjustments will continue to be chargeable to appropriated funds.

Local adjusters perform loss adjustment work: Crop inspections and loss adjustments are performed by local adjusters who are employed on an intermittent basis and are paid only for time actually spent in making field inspections. There are 1,200 of these employees under appointment.

Loss adjustment work varies in accordance with crop conditions: The servicing of loss claims represents one of the major costs of crop insurance operations. The 1954 crop year workload (1955 fiscal year) is estimated to be 420,000, an increase of 13,370 over 1953. Because of the various provisions of the crop insurance policy, it is often

necessary to make from one to three inspections for each indemnity paid, depending on the type of damage and when it occurs. Naturally, when growing conditions are favorable, loss adjustment work is at a minimum. However, in the advent of adverse growing conditions such as severe drought, flood, plant disease, etc., loss adjustment costs increase materially.

Claims involve much service work: After the adjuster completes his field inspection, claims are forwarded to the state office for review and processing. This involves considerable detailed clerical work. The Chicago Branch Office computes the amount of loss and processes the claim for payment. The Claims Division of the Washington Office is responsible for the promulgation and supervision of over-all loss adjustment policy and procedures. Controversial claims that cannot be handled by routine procedure, and those involving litigation are transmitted to the Washington Office for review and disposition.

The estimated workload and cost are as follows:

Crop Inspections and Loss Adjustments

Servicing Item	Fiscal Year 1954			Fiscal Year 1955			Increase(+) or Decrease(-)
	Number of Contracts	Average Cost	Total Cost	Number of Contracts	Average Cost	Total Cost	
Direct inspection and loss adjustment work	406,630	\$3.15	\$1,280,408	--	--	--	-\$1,280,408
State, branch and head-quarters servicing ...	406,630	2.33	946,592	420,000	2.46	1,034,000	+87,408
Total cost...	406,630	5.48	2,227,000	420,000	2.46	1,034,000	-1,193,000

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of the Capital and Insurance Fund as follows (new language underscored):

Federal Crop Insurance Corporation: Provided, That the direct costs of loss adjusters for crop inspections and loss adjustments may be considered as non-administrative or non-operating expenses.

This change is for the purpose of authorizing the payment of direct costs of loss adjusters (including salary, travel, and social security expenses) incurred in connection with inspecting crops and adjusting losses in the field from premium income rather than from funds appropriated for operating and administrative expenses. Further explanation of this change is contained in the justification of the estimates for operating and administrative expenses.

STATUS OF PROGRAM

The 1953 crop year is the sixth year that Federal Crop Insurance Corporation has administered the crop insurance program on a limited experimental basis pursuant to Public Law 320, dated August 1, 1947.

During this period total earned premiums amounted to \$106,016,387 while indemnities amounting to \$106,583,274 were paid, resulting in a six-year loss ratio of 100.5 per cent.

The unfavorable growing conditions which prevailed during four of these six years, mainly because of flood, drought, and freeze, resulted in heavy losses being paid in various sections of the country. Consequently, the earned premiums failed to equal the cost of indemnities for this period by about \$500,000. Prior to the 1953 crop year the surplus amounted to \$1,946,521. However, because of the severe drought conditions and wheat rust infestation which prevailed during 1953, losses exceeded premiums by an amount slightly in excess of the accumulated reserve. However, marked progress is being made toward the ultimate objective of perfecting a workable plan of all-risk crop insurance that can be offered on a national basis by program changes as explained in the proposed program and administrative changes below.

There were 922 county programs in operation during the 1953 crop year with 407,000 contracts in force, furnishing maximum protection of 441 million dollars. A total of 38 crops were insured under the various programs.

RECENT CHANGES IN PROGRAM ADMINISTRATION

In order to effect additional economies in administration, several major operating changes have been made during the 1954 fiscal year:

1. Reorganization of Headquarters Office. At the beginning of fiscal year 1954 the headquarters office in Washington was re-organized to permit the most advantageous use of personnel, and to assign related duties on a functional basis. As a result of this re-organization the Program Development Division was eliminated, and the functions previously handled by that division were distributed among the other operating divisions.
2. Consolidation of State Offices. As of June 30, 1953, the Corporation had 33 state offices. As a result of consolidation there are now 19 state offices. These offices administer the program in from one to five states, depending upon the volume of business in each district.

3. Complete Review and Analysis of Detailed Clerical Work in Field Offices. As a result of a thorough review of detailed clerical functions in the state offices, it was possible to eliminate a considerable portion of unessential detailed clerical work. This has made possible more effective use of personnel and has accomplished the handling of approximately a 20% increase in volume of business with fewer employees.

PROPOSED PROGRAM AND ADMINISTRATIVE CHANGES

In order to place the crop insurance program on a sounder operating basis and to effect further economies in administration, the following major changes are proposed for the 1954 crop year:

1. Sales and Servicing of Insurance Contracts. The selling of applications, securing of acreage reports, and collection of premiums previously have been done by PM county committees under reimbursable agreements. Beginning with the 1954 crop year this work will be performed by private individuals acting as sales agents under contractual agreement with the Corporation.

Compensation is on an incentive basis in that (1) earnings are based on the number of contracts in force, and (2) the commission is not earned by the agent until the acreage report is obtained and the premium is collected. Under this plan several improvements are anticipated:

- (a) Better grade of business (higher premium income, more stable participation, better informed policyholders).
- (b) More efficient administration in the procurement of acreage reports and collection of premiums.
- (c) Direct control of sales and servicing activities.

2. Loss Adjustment Costs. The direct expenses of loss adjusters for crop inspection and loss adjustment work will be charged against premium income rather than appropriated funds for administrative expenses. This change would be the first step in the gradual transition of placing the program on a self-sustaining basis ~~inline~~ with established practice in the commercial insurance field. The anticipated cost of this work for the 1955 fiscal year is \$1,265,000.
3. Insurance Contract Revisions. Revisions in the insurance contract will be made, which should increase premium income and reduce program administration costs:

- (a) Any premiums not paid by the designated discount date will be increased by 10%. This should materially improve premium collections.
 - (b) Simplification of interest computations on past due premiums.
 - (c) Broadening of sharecropper contract to cover tobacco sharecroppers and tenants.
 - (d) Elimination of premium discount provisions.
 - (e) Simplification of contract cancellation provisions.
 - (f) Establishment of minimum premium per contract.
4. Rates and Coverages. Extensive analysis and revision of premium rates and coverages (especially for the multiple program) in order to increase premium income and permit accumulation of reserves.

Although Public Law No. 261, approved August 13, 1953, provides for the expansion of the program in not to exceed 100 additional counties each year, a net increase in the number of counties operating a program is not anticipated for the 1954 crop year. There will be a few replacements however for counties where the program has terminated at the end of the 1953 crop year. Full attention will be given to refining operations in current counties before any extensive expansion into new counties is considered.

PROGRAM OPERATING STATISTICS

There follows statistical data by commodities for the first six crop years under the new experimental program authorized by P. L. 268, 81st Congress, approved August 25, 1949. The data on the 1953 crop year are estimated.

	<u>Reans</u>	
<u>Item</u>	<u>1948</u>	<u>Crop Year</u>
	<u>1949</u>	<u>1950</u> <u>1951</u>
		<u>1952</u> <u>1953</u>
Number of states	6	8 8
Number of counties	9	18 30
Number of contracts	2,909	5,138 9,014 8,390
Percentage of eligible farmers insured	29	20 31
Number of indemnities	76	1,070 1,555
Premiums	\$32	\$95 \$103 \$193
Indemnities	\$9	\$61 \$187 \$599
Surplus or deficit (-) ..	\$23	\$34 -\$84 -\$406
Loss ratio .....	.29	.64 1.81 3.11

Item	Citrus			Crop year		
	1948	1949	1950			
	1948	1949	1950	1951	1952	1953
Number of states				1	1	1
Number of counties			(No Program until 1951)	1	1	1
Number of contracts			290		202	218
Percentage of eligible farmers insured				17	12	13
Number of indemnities ...				--	1	--
Premiums				\$82	\$56	\$63
Indemnities				--	\$2	--
Surplus or deficit (-) ..				\$82	\$54	\$63
Loss ratio				--	.04	--

Corn

Item	Crop Year		
	1948	1949	1950
Number of states	13	13	14
Number of counties	36	44	73
Number of contracts	14,115	19,607	32,292
Percentage of eligible farmers insured	20	19	17
Number of indemnities	310	549	4,006
Premiums	435	587	741
Indemnities	74	95	911
Surplus or deficit (-)	361	492	-170
Loss ratio .....	.17	.16	1.23

1951	1952	1953
14	14	13
97	99	108
37,568	36,598	40,429
15	15	16
8,230	1,256	1,488
1,109	1,350	1,667
12,567	338	360
-1,458	1,012	1,307
2.31	.25	.22

Cotton

Item	Crop Year		
	1948	1949	1950
Number of states	14	13	12
Number of counties	53	52	80
Number of contracts	19,479	26,667	63,969
Percentage of eligible farmers insured	13	16	29
Number of indemnities	2,615	9,512	31,244
Premiums	1,410	1,580	1,837
Indemnities	605	3,112	5,148
Surplus or deficit (-)	805	-1,532	-3,311
Loss ratio .....	.43	1.97	2.80

1951	1952	1953
12	12	12
100	98	109
57,715	38,086	38,434
20	16	23
8,154	3,629	4,788
2,696	2,079	2,382
2,203	922	2,079
493	1,157	303
.82	.44	.87

Premiums, indemnities, and surplus or deficit in thousands of dollars.

Flax

Item	Crop Year			
	1948	1949	1950	1951
Number of states	6	6	5	4
Number of counties	48	48	58	59
Number of contracts	16,782	19,267	20,847	19,788
Percentage of eligible farmers insured	35	40	34	35
Number of indemnities	1,931	2,599	1,474	1,857
Premiums	1,546	1,882	1,496	1,465
Indemnities	795	543	205	226
Surplus or deficit (-)	751	339	291	239
Loss ratio .....	.51	.62	.41	.49
				.79
				1,746
				512
				407
				105
				.79
				54
				23,944
				825
				765
				60
				.93
				18,257
				23,433
				4
				53
				23,433

Multiple Crops

Item	Crop Year			
	1948	1949	1950	1951
Number of states	2	5	27	32
Number of counties	2	7	55	95
Number of contracts	714	2,722	27,725	36,220
Percentage of eligible farmers insured	16	19	22	17
Number of indemnities	11	110	4,061	7,082
Premiums	24	136	1,268	1,987
Indemnities	1	22	1,174	3,237
Surplus or deficit (-)	23	114	94	-1,250
Loss ratio06	.16	.93	1.63
				2.33
				4,026
				17
				9,866
				3,023
				7,049
				426
				8,726
				3,858
				3,432
				50,217
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Item	Tobacco		
	1948	1949	Crop Year 1950 1951 1952 1953
Number of states	12	12	12 12 12
Number of counties	32	35	52 69 82 103
Number of contracts	31,605	35,023	71,898 76,426 76,973 102,691
Percentage of eligible farmers insured	35	29	46 35 31 34
Number of indemnities	1,930	3,644	7,690 4,880 8,092 14,813
Premiums	\$655	\$740	\$1,461 \$1,599 \$1,545 \$2,055
Indemnities	\$285	\$489	\$887 \$781 \$1,212 \$2,354
Surplus or deficit (-)	\$371	\$251	\$574 \$818 \$333 -\$299
Loss ratio .....	.43	.66	.61 .49 .78 1.15

Item	Wheat		
	1948	1949	Crop Year 1950 1951 1952 1953
Number of states	24	24	24 24 24 24
Number of counties	200	199	283 352 390 405
Number of contracts	84,990	58,881	84,816 105,746 118,847 142,818
Percentage of eligible farmers insured .....	.37	.21	.21 22 23 29
Number of indemnities	9,929	17,824	12,302 27,062 17,724 35,996
Premiums	\$8,580	\$7,712	\$8,394 \$11,255 \$12,445 \$16,091
Indemnities	\$5,010	\$11,208	\$4,287 \$11,727 \$10,571 \$20,360
Surplus or deficit (-)	\$3,570	-\$3,496	\$4,107 -\$472 \$1,874 -\$4,269
Loss ratio .....	.58	1.45	.51 1.04 .85 1.27

Premiums, indemnities, and surplus or deficit in thousands of dollars.

Item	Summary				
	1948	1949	Crop Year		1953
			1950	1951	1952
Number of states	40	40	40	42	43
Number of counties	375	394	619	801	922
Number of contracts	169,129	165,076	306,685	343,210	340,686/1
Number of indemnities	16,802	34,561	61,847	58,820	42,937
Premiums	12,684	11,733	14,300	19,385	21,208
Indemnities	16,780	15,531	12,799	21,339	20,611
Surplus or deficit (-) ...	5,904	53,798	1,501	1,954	597
Loss ratio .....	.53	1.32	.90	1.10	.97
					1.09

Premiums, indemnities, and surplus or deficit in thousands of dollars.

1/ Net contracts. Actually 346,751 farmers insured. The difference represents 6,065 additional sharecroppers covered by sharecropper contracts, whereby all sharecroppers on one farm are insured under one contract. The sharecropper plan includes most of the cotton area and one tobacco county for the 1953 crop year and will be extended to all tobacco counties for the 1954 crop year.

2/ Excluding 12,575 additional sharecroppers.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes amount which, by November 30, 1953, was actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	; Obligations, : 1953	; Estimated : Obligations, : 1954	; Estimated : Obligations, : 1955
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Operating and administrative	:	:	:
expenses	\$3,207:	\$2,500:	- -

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936, and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. On October 28, 1949, the Rural Electrification Act was amended by Public Law 423, 81st Congress, to authorize REA to make loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period not to exceed 35 years, and they bear interest at the rate of 2 percent. Loans to finance wiring installations and electrical and plumbing appliances and equipment are also at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan over-all operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government's loan. Full recognition is given to the accumulated experience and sound financial condition of many of the borrowers in encouraging them to develop and carry out their own plans of operation.

In the telephone program, loans are made to both private companies and cooperatives. REA works with the telephone borrowers in developing sound construction and operating policies, and in the development of efficient and economical telephone equipment specifically for rural needs. Considerable time and attention must be devoted to working directly with borrowers who, for the most part, have had little or no past experience in operating efficient up-to-date rural telephone systems. Practically no independent standards or equipment for rural telephone systems were in existence before REA initiated work in this field. REA is following the policy of continuous cooperation with the industry in achieving its goals in this field through the explanation of equipment and material needs, providing technical data, and through other liaison activities. As telephone borrowers acquire more experience, they will be encouraged to assume increasing responsibilities in the operation of their programs and protection of the Government's security in the loans made to them.

The Rural Electrification Administration has no field offices. Relations with the borrowers are maintained through offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1953, had 993 full-time employees, 787 of whom were in Washington departmental service and the balance in the field service.

	Authorization, 1954	Budget Estimate, 1955
Loan Authorizations:		
Rural Electrification	a/ \$135,000,000	b/ \$55,000,000
Rural Telephone	67,500,000	75,000,000
Salaries and expenses	c/ 7,554,250	7,085,000
	<u>210,054,250</u>	<u>137,085,000</u>

a/ Excludes contingent authorization of \$45,000,000.

b/ Excludes contingent authorization of \$35,000,000.

c/ Excludes \$210,000 transferred to other appropriations for penalty mail costs.

(a) Loan Authorizations

Electrification Program

	<u>Loan Authorization</u>	<u>Planned Program</u>
Appropriation Act, 1954 (authorization to borrow from Secretary of the Treasury).....a/	\$135,000,000	b/\$135,000,000
Budget Estimate, 1955.....a/	55,000,000	b/ 100,000,000
Decrease in loan authorization...	<u>-80,000,000</u>	<u>-35,000,000</u>

a/ In addition a contingent authorization of \$45,000,000 was provided in 1954, and \$35,000,000 is proposed for 1955.

b/ Planned loan programs include use of balances carried over from prior years.

Telephone Program

Appropriation Act, 1954 (authorization to borrow from the Secretary of the Treasury)...	\$67,500,000	a/\$74,000,000
Budget Estimate, 1955.....	75,000,000	75,000,000
Increase in loan authorization....	<u>7,500,000</u>	<u>1,000,000</u>

a/ Planned loan program includes use of balance carried over from prior years.

PROJECT STATEMENT

(On the basis of planned loan program)

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
<u>Loans</u>				
1. Rural electri- fication program	\$164,972,662	\$135,000,000	-\$35,000,000(1)	\$100,000,000
2. Rural telephone program.....	35,883,500	74,000,000	7,500,000(2)	75,000,000
Total loans....	200,856,162	209,000,000	- 34,000,000	175,000,000

INCREASES AND DECREASES

A net decrease of \$34,000,000 in loan activities, as follows:

(1) A decrease of \$35,000,000 in the rural electrification program.

An estimated 748,000 farms and other rural establishments were not receiving central station electric service as of June 30, 1953. This represents an estimate of 90.8 percent farm electrification as of June 30, 1953, as compared to the estimate of 88.1 percent made for June 30, 1952. Loans approved through fiscal year 1953 on which construction had not yet been completed and estimated additional loans to be made by the end of the fiscal year 1954 will provide for connection of approximately 320,000 consumers. Thus on July 1, 1954, there will be an estimated 428,000 farms and other rural establishments without central station service. Of these, a large number are beyond reach of REA borrowers. The remainder will present a problem since they are located in remote areas, or pockets, and probably will require a great amount of study to constitute, or be included in, feasible projects.

Of greater importance perhaps is the fact that rural systems are continually requiring improvements, such as heavying up of lines and equipment and additional generation and transmission capacity to provide for distribution of more power to the farmers to meet their constantly increasing demands. Consumption of electric power on REA-financed systems has increased from about 2½ billion KWH in 1945 to over 12 billion KWH in 1952. By 1955, it is expected that this consumption will reach almost 20 billion KWH.

A loan program of \$100,000,000 for fiscal year 1955 will provide for connection of approximately 50,000 additional consumers, for heavying up existing systems, and for necessary generation and transmission facilities where farmers cannot otherwise acquire additional power on a feasible basis.

The carryover from fiscal year 1954 is estimated at \$44,919,203 and additional \$5,000,000 is expected to become available for new loans during fiscal year 1955 through rescissions of prior loans. A new loan authorization of \$35,000,000 will make an estimated total of \$104,919,203 available during fiscal year 1955 to carry out the proposed loan program of \$100,000,000.

Under the State allotment provision of Section 3 of the Rural Electrification Act, as much as \$5,000,000 may be tied up in particular States in excess of the probable loans to these States. Therefore, in addition to the regular authorization, a contingency authorization of \$35,000,000 is recommended. Many States are now highly electrified and the amount of funds available to them under the State allotment provision of Section 3 of the Act is limited. As the farmers' demand for power outstrips existing facilities, funds are sometimes needed in excess of the State limitation, for heavying up their systems and for increased generation and transmission capacity where additional power is not otherwise feasibly available. Thus, the contingency authorization of \$35,000,000 is needed to meet urgent needs within the planned loan program.

The status of electrification loan funds for 1953, 1954, and estimated for 1955 is shown below:

Rural Electrification Program:

	Fiscal year 1953 (Actual)	Fiscal year 1954 (Estimated)	Fiscal year 1955 (Estimated)
Loan authorization.....	\$50,000,000	b/ \$135,000,000	b/ \$ 55,000,000
Carryover from prior year.....	/ 117,298,364	/ 29,919,203	/ 44,919,203
Rescissions during year of prior loans.....	<u>/27,593,501</u>	<u>/15,000,000</u>	<u>/ 5,000,000</u>
Amount available for loans.....	194,891,865	179,919,203	104,919,203
Carryover into subse- quent year.....	<u>-29,919,203</u>	<u>-44,919,203</u>	<u>-4,919,203</u>
Loan Program.....	<u>164,972,662</u>	<u>135,000,000</u>	<u>100,000,000</u>

a/ In addition, a contingent authorization of \$50,000,000 was available, but not used.

b/ In addition, contingent authorization of \$45,000,000 in 1954, and \$35,000,000 proposed for 1955.

(2) An increase of \$1,000,000 in the rural telephone program. The rural telephone program is providing farmers and other rural people of the country with an essential service vital to agricultural welfare and the conservation of manpower. According to the Census of Agriculture for 1950, 38.3 percent of American farms had telephone service of some sort and much of the rural telephone service that did exist was of poor quality. By the end of fiscal year 1954, it is expected that the number of farms with telephone service will still be less than 50 percent.

At the beginning of fiscal year 1955, it is estimated that there will be outstanding applications of approximately \$110,000,000 and that additional applications totaling \$65,000,000 will be received during the fiscal year.

To provide for economical and efficient administration of the rural telephone program, with assurance that every loan is economically sound, adequately secured, and in the long run beneficial to the user, continuation of a relatively stable program is recommended.

About 200 loans could be made with a loan program of \$75,000,000 for fiscal year 1955. Such a program coupled with the Department's efforts to encourage and stimulate the industry in extending and improving telephone service in rural areas, is expected to produce significant advancement of rural telephony during the fiscal year. Continuation of a relatively stable program will also permit training and maintenance of an adequate, well-trained technical staff to handle the work in the most economical and efficient manner.

Since the estimated carryover from fiscal year 1954 will only be \$592,500, a new loan authorization of \$75,000,000 will be required, the full amount of the proposed loan program.

The status of telephone loan funds for 1953, 1954, and estimated for 1955 are shown below:

Rural Telephone Program:

	Fiscal year 1953 <u>(Actual)</u>	Fiscal year 1954 <u>(Estimated)</u>	Fiscal year 1955 <u>(Estimated)</u>
Loan Authorization.....	\$ 35,000,000	\$67,500,000	\$75,000,000
Supplemental authorization.....	7,500,000	--	--
Carryover from prior years.....	<u>476,000</u>	<u>7,092,500</u>	<u>592,500</u>
Amount available for loans.....	42,976,000	74,592,500	75,592,500
Carryover into subsequent year.....	<u>-7,092,500</u>	<u>- 592,500</u>	<u>-592,500</u>
Loan Program.....	<u>35,883,500</u>	<u>74,000,000</u>	<u>75,000,000</u>

REVISION OF ACTIVITY SCHEDULE

A reduction in administrative funds for fiscal year 1955 is possible because of a transfer of additional responsibilities to REA borrowers and a revision in the organizational structure of REA. To realize some of the economies during fiscal year 1954 that will result from these changes, REA revised its organizational structure effective September 1, 1953, and immediately started transferring additional responsibilities to borrowers and reducing personnel. A more meaningful summary of operations under the organizational structures will be provided through a revision of the activity schedule under "Salaries and Expenses" as follows:

Present

1. Administration of Rural Electrification Program
 - (a) Loan Activities
 - (b) Engineering Activities
 - (c) Operations Activities
 - (d) Auditing Activities
2. Administration of Rural Telephone Program
 - (a) Loan Activities
 - (b) Engineering Activities
 - (c) Operations Activities
 - (d) Auditing Activities

Proposed

1. Administration of Rural Electrification Program
 - (a) Lending and Construction Activities--
New Loans
 - (b) Loan Security Activities--
Outstanding Loans
2. Administration of Rural Telephone Program
 - (a) Lending Activities--
New Loans
 - (b) Construction Activities--
New Loans
 - (c) Loan Security Activities--
Outstanding Loans

Organizational Changes

The organizational changes will contribute to more economical administration of the agency programs through consolidation of responsibility for functions, and through reductions in supervisory and administrative overhead. An overall chart of the revised organization is attached. The principal differences between the existing and new organizations are as follows:

1. Two Assistant Administrators are provided - one in charge of all electric program activities and the other in charge of all telephone program activities.
2. In the telephone program, the staff activities formerly conducted by four divisions are transferred to the Telephone Loans and Telephone Engineering Divisions. The line activities are conducted by these two divisions through five sections in each division.
3. In the electrification program, the staff activities for both distribution and power-type borrowers formerly conducted in five divisions are transferred to the Electrical Operations and Electrical Engineering Divisions. The line activities for both distribution and power-type borrowers are conducted through five area offices under the supervision of two Regional Chiefs.

4. As a result of these changes in organization, five divisions - Power, Technical Standards, Engineering, Operations, and Program analysis - are eliminated and two technical staff divisions - Electrical Operations and Electrical Engineering - are established.
5. Audits of borrowers' accounts by the Controller's Division are discontinued and line and staff work related to borrowers' accounting activities transferred to the new organizations established for the telephone and electric programs.

Program Changes

During fiscal year 1954 responsibility is being transferred to both electric and telephone borrowers for all operations audits. These will be made by CPA's at borrowers' expense. Responsibilities are also being transferred to borrowers for present staff activities concerned with labor relations, safety and job training, cooperative principles and practices, and mapping services.

Provision is made in the estimates for all essential activities, and it is believed that the reduction contemplated can be accomplished without harm to effective administration.

Revision of Activity Schedule

A separate account is maintained for the salaries and expenses of each major organizational unit of REA. The new organizational structure permits the recording of approximately 82 percent of the total administrative expenses in allotment accounts chargeable directly to either the Electrification Project or the Telephone Project. The remaining 18 percent of the total obligations are charged to allotment accounts which must be distributed between the two projects.

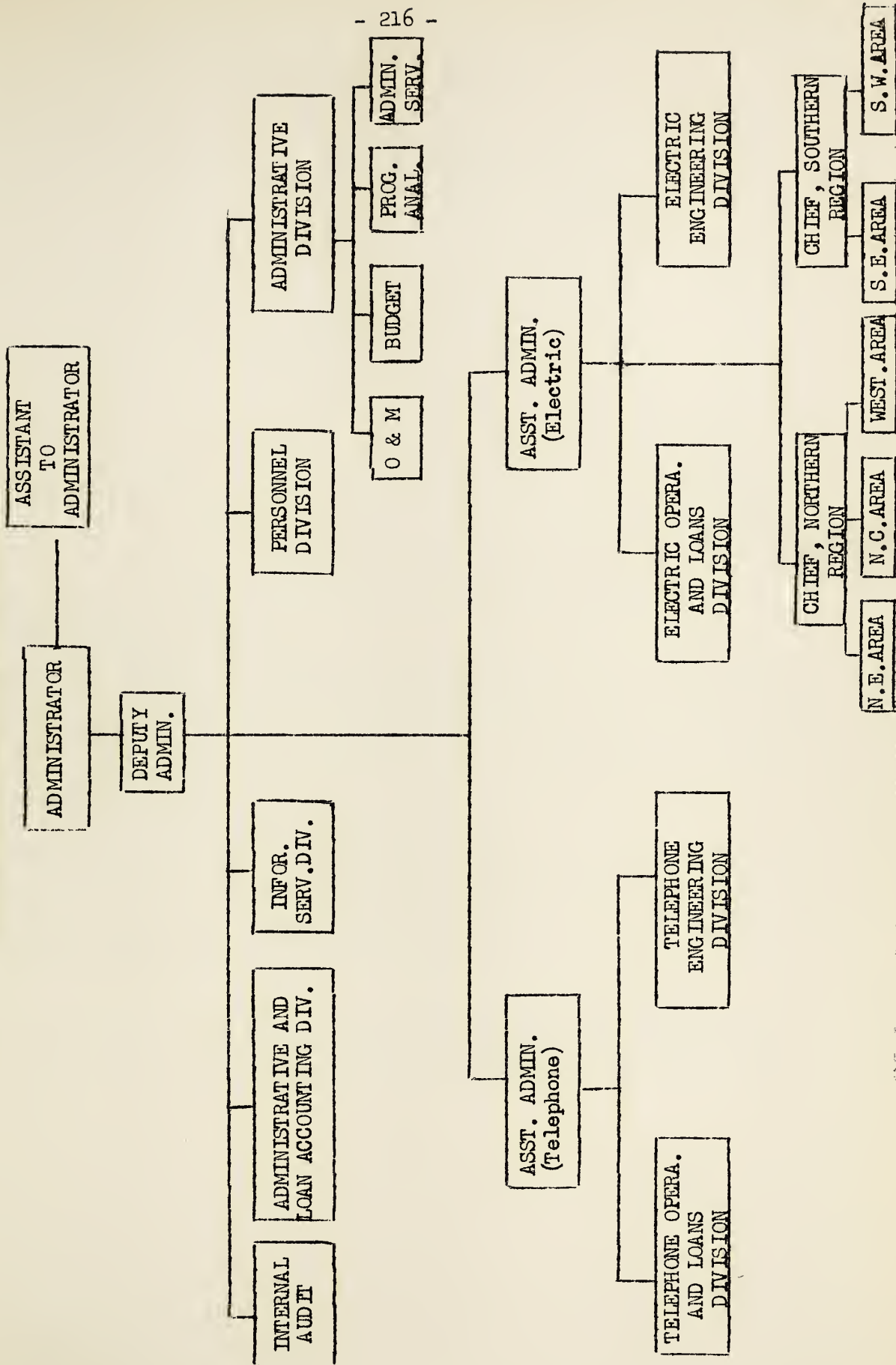
The following schedule reflects the proposed activity structure based on funds appropriated for fiscal year 1954.

Salaries and Expenses, Rural Electrification Administration
Fiscal Year 1954

a/ Adjusted for comparability with the appropriation structure proposed in the 1955 Budget Estimates.

REVISED ORGANIZATIONAL STRUCTURE

Rural Electrification Administration



(b) Salaries and Expenses

Appropriation Act, 1954	\$7,775,000	
Transfers pursuant to Public Law 286 for penalty mail to:		
"Salaries and expenses, Bureau of Agricultural Economics"	\$100,500	
"Operating and administrative expenses, Federal Crop Insurance Corporation"	100,000	
"Salaries and expenses, Office of Information"	<u>9,500</u>	-210,000
Transfer in 1955 estimates to "Federal Extension Service" for extension subject matter specialists		<u>-10,750</u>
Base for 1955	7,554,250	
Budget Estimate, 1955	<u>7,085,000</u>	
Decrease		<u><u>a/ -469,250</u></u>

SUMMARY OF INCREASES AND DECREASES, 1955

Rural Electrification Program

Decrease for lending and construction activities incidental to new loans	-180,721
Decrease for loan security activities applicable to outstanding loans	-345,851

Rural Telephone Program

Increase for lending activities incidental to new loans	+1,578
Increase for construction activities applicable to new loans	+45,086
Increase for loan security activities with respect to outstanding loans	+10,658

a/ The decrease, compared with the 1954 appropriation before making transfers totaling \$210,000 to other agencies for penalty mail costs pursuant to Public Law 286, is \$679,250. The \$210,000 was made available through reorganization contemplated for 1955, but partially accomplished in fiscal year 1954.

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
1. <u>Administration of</u>				
<u>Rural Electrifica-</u>				
<u>tion Program</u>	\$5,722,151	\$4,597,845	-\$526,572(1)	\$4,071,273
(a) Lending and con-				
struction activi-				
ties-new loans	(2,355,788)	(1,755,514)	(-180,721)	(1,574,793)
(b) Loan security				
activities-out-				
standing loans	(3,366,563)	(2,842,331)	(-345,851)	(2,496,480)
2. <u>Administration of</u>				
<u>Rural Telephone</u>				
<u>Program</u>	2,283,233	2,956,405	757,322(2)	3,013,727
(a) Lending activi-				
ties-new loans	(1,043,982)	(1,221,645)	(71,578)	(1,223,223)
(b) Construction				
activities-new				
loans	(912,045)	(1,113,040)	(745,086)	(1,158,126)
(c) Loan security				
activities-out-				
standing loans	(327,205)	(621,720)	(710,658)	(632,378)
Unobligated balance	271,846	-	-	-
Costs under Penalty				
Mail Act(P. L. 286)	7 - - -	745,000	748,700	753,700
Total available or				
estimate	8,277,230	7,554,250	-469,250	7,085,000
Transfers to:				
"Salaries and				
expenses, Bureau of				
Agricultural				
Economics"	- -	7100,500		
"Operating and				
administrative				
expenses, Federal				
Crop Insurance				
Corporation"	- -	7100,000		
"Salaries and expen-				
ses, Office of				
Information"		79,500		
Transfer in 1955				
estimates to "Federal				
Extension Service"	710,750	710,750		
Reduction pursuant to				
Section 411	72,020	- - -		
Total appropriation or				
estimate	8,290,000	7,775,000		

INCREASES AND DECREASES

(1) A decrease of \$526,572 under the project "Administration of the Rural Electrification Program" composed of:

(a) A decrease of \$180,721 for lending and construction activities-new loans. By reason of the reorganization and consolidation of functions to be accomplished during the fiscal year 1954, together with the reduction of overhead and the streamling of procedures, it is anticipated that the reduction on a full-year basis in 1955 will permit a decrease of \$180,721.

Data pertaining to workload:

	<u>1953 Actual</u>	<u>1954 Estimate</u>	<u>1955 Estimate</u>
Number of loans approved..	345	300	250
Amount of loans approved..	\$164,972,662	\$135,000,000	\$100,000,000
Unadvanced funds, start			
of year	538,038,060	467,783,285	393,000,000
Funds advanced	207,633,936	200,000,000	150,000,000
Construction work in			
progress, end of year ..	424,151,576	400,000,000	380,000,000
Miles loaned, not con-			
structed, start of year.	106,806	79,854	58,854
Miles constructed, annual.	60,970	55,000	40,000
KW generating capacity			
installed, annual	51,000	208,000	60,000
Consumers connected,			
annual.....	182,514	150,000	100,000

(b) A decrease of \$345,851 for loan security activities-outstanding loans. Through the reorganization and consolidation of functions with the necessary reduction in force and lump sum payments to be completed during the fiscal year 1954, it is anticipated that the reduction in costs on a full-year basis in the fiscal year 1955 will permit a decrease of \$345,851.

Data pertaining to workload:

	<u>1953 Actual</u>	<u>1954 Estimate</u>	<u>1955 Estimate</u>
Cumulative advances, end			
of year.....	\$2,262,225,801	\$2,462,225,801	\$2,612,225,801
Loans outstanding, end			
of year.....	1,982,336,703	2,126,336,703	2,212,836,703
Interest payments due,			
annual.....	20,100,127	24,500,000	27,500,000
Principal payments due,			
annual.....	39,313,283	47,000,000	58,500,000
Miles of line over 5 years			
old, end of year.....	666,156	839,685	1,018,336
Miles of line energized,			
end of year.....	1,271,443	1,326,443	1,366,443

(2) An increase of \$57,322 under the project "Administration of the Rural Telephone Program" composed of:

- (a) An increase of \$1,578 for lending activities-new loans. The increase in cost of telephone lending activities results primarily from placing penalty mail costs on a full-year basis in fiscal year 1955.

Data pertaining to workload:

	<u>1953 Actual</u>	<u>1954 Estimate</u>	<u>1955 Estimate</u>
Applications on hand, start of year	\$89,101,811	\$112,740,992	\$110,000,000
Applications received, annual	66,830,237	65,000,000	65,000,000
Total applications for consideration	155,962,048	177,740,992	175,000,000
Loans, annual	35,883,500	74,000,000	75,000,000
Loans, annual, number ...	128	160	200

- (b) An increase of \$45,086 for construction activities-new loans.

Many of the loans made in the past two years are reaching the construction stage in the fiscal year 1954. Also a considerable backlog in construction has developed and with the increased loan program for this fiscal year, the situation will become still more critical. The staff adjustments made during the fiscal year 1954 will alleviate some of the more critical situations in telephone construction activities during the year and will enable a reasonable rate of construction during 1955 without allowing the backlog to increase too rapidly. All possible steps are being taken to keep the funds required for this activity to a minimum. However, to provide sufficient funds during the fiscal year 1955 to carry the adjusted staff on a full-year basis, an increase of \$45,086 will be necessary.

Data pertaining to workload:

	<u>1953 Actual</u>	<u>1954 Estimate</u>	<u>1955 Estimate</u>
Miles loaned, not completed, start of year..	72,347	80,094	87,400
Miles constructed, annual	8,027	29,757	40,000
Miles constructed, cumulative	8,243	38,000	78,000
Subscribers loaned, not yet served, start of year	249,364	277,868	261,900
Subscribers served, annual	23,043	127,271	98,000
Subscribers served, cumulative	24,729	152,000	250,000
Unadvanced funds, start of year	\$74,463,501	\$86,482,197	\$105,482,197
Advances, annual	23,864,804	42,000,000	75,000,000

(c) An increase of \$10,658 in loan security activities--outstanding loans. There will be a net increase of \$10,658 during the fiscal year 1955 resulting from savings of \$98,145 through the elimination of audits of borrowers' records by REA, and an increase of \$108,803 required for management consultation and technical engineering operations and maintenance activities.

Responsibility is being placed with all borrowers for having their records audited annually by public accounting firms. Employees thus relieved who could not be placed in vacancies occurring in other essential activities received reduction-in-force notices. Accordingly, it is expected that a savings of \$98,145 will result.

A large number of new borrowers will be starting operations during the fiscal year 1954. The inability of REA to give adequate attention to these borrowers in management consultation and engineering technical operations and maintenance activities during early stages of operations may have considerable adverse effects on future loan security. Until the beginning of the fiscal year 1954, only a small number of personnel were required for this work since construction has only gotten under way to any extent during the past year in this relatively new program. During the fiscal year the staff assigned to this work will be increased by approximately 30 employees. To place these employees on a full-year basis during the fiscal year 1955 will require a net increase of \$10,658 in this activity. This will provide the staff considered necessary in 1955 if adequate attention is to be given to the security of the Government's loans.

Data pertaining to workload:

	<u>1953 Actual</u>	<u>1954 Estimate</u>	<u>1955 Estimate</u>
Cumulative loans, end of year	\$118,144,218	\$192,144,218	\$267,144,218
Cumulative advances, end of year	31,662,021	86,662,021	161,662,021
Total payments due, annual	157,445	400,000	500,000
Number of borrowers, start of year	190	219	339
Borrowers in operation, start of year	132	168	220
Cumulative miles constructed or improved, start of year	216	8,243	38,000

CHANGE IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES

For administrative expenses, including not to exceed \$500 for financial and credit reports, and not to exceed [\$150,000] \$75,000 for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U. S. C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), [\$7,775,000] \$7,085,000.

The proposed change in language is for the purpose of decreasing the amount, consistent with provision made in the estimates, for carrying out research work on telephone equipment and systems through contracts with private companies and individuals since experience has shown that research contract work can be done at lesser cost than was anticipated or even without cost to the Government, in some instances.

STATUS OF PROGRAM

1953 Electrification Program

Through economies effected during the year resulting primarily from changes in program operation and the transfer of additional responsibility to borrowers, the cost of administering the electric program was reduced from approximately \$6,600,000 to \$5,700,000. During the year progress continued to be made in the extension and improvement of rural electric service, and increasing attention was directed to the expanding problems of loan security. Program developments during 1953, and the status of the program on June 30, 1953, are highlighted below.

Lending and Construction.

Consumers connected. In the 12 months ending June 30, 1953, electricity was extended to 182,514 additional rural consumers, these connections being accomplished through the construction of 60,970 miles of electric lines. During the previous year, 222,103 consumers were connected through the construction of 75,975 miles of line. At the close of fiscal year 1953, existing facilities were providing electric service to 3,951,940 rural consumers.

Loans and advances of loan funds. In the 12 months ending June 30, 1953, loans amounted to \$164,972,662 and advances of loan funds, mainly from loans of prior years, were \$207,633,936. Tables No. I and II present comparable figures for prior years and for the fiscal year 1953. Loans in 1953 were made for the following purposes:

1953 Loan Program		
	Percentage of Total	Amount
Distribution lines.....	70.9	\$116,967,372
New line construction....	(44.9)	(74,177,842)
Deficiencies.....	(2.9)	(4,762,945)
System improvement.....	(23.1)	(38,026,585)
Generation.....	4.5	7,484,800
Transmission.....	17.6	29,055,988
Office buildings, warehouses: etc.....	3.6	5,922,747
Acquisitions (purchase price: rehabilitation, etc.).....	1.3	2,074,367
Communication facilities....	0.1	299,226
Section 5 loans (consumer facilities).....	2.0	3,168,162
Total.....	100.0	164,972,662
Less cancellations of prior loans.....		-27,593,501
Net loans.....		\$137,379,161

The number of loans for fiscal year 1953 totaled 345 as compared to 295 in the prior fiscal year. The 345 loans will provide for connection of 161,398 consumers and construction of 34,018 miles of line.

Loan funds unadvanced. Since the establishment of the rural electrification loan program, over 2.7 billion dollars have been loaned to 1,081 borrowers located in 45 states, Alaska, Puerto Rico and the Virgin Islands. As the program has progressed, loans have been made for various purposes to be advanced to borrowers as needed. Following World War II, the loan program expanded rapidly and in 1949 the REA loan volume pyramided to a peak of \$448,859,597. Inasmuch as the construction program did not progress as rapidly as the loan program, unadvanced loan funds increased sharply. A total of \$646,583,136 was loaned but unadvanced at the end of fiscal year 1950. With the decline of the loan program since 1949 and continued progress in construction, the amount of funds unadvanced to borrowers declined steadily. By June 30, 1953, unadvanced loan funds totaled \$467,783,284.

Loan rescissions. Periodically, REA has reviewed the status of unadvanced loan funds according to the purpose for which they are loaned. Loan rescissions have been made from time to time where it was obvious that borrowers no longer had need for the funds which were originally made available. During December 1951, committees were established for the purpose of making a comprehensive review of unadvanced loans, with a view of rescinding all obligations that were no longer needed by borrowers. Concurrently all borrowers were asked to review their loan budgets and to determine the unadvanced amounts that were no longer needed. As conclusions were reached by the committees and with the concurrence of the borrowers, loans that were not needed have been scheduled for rescission. As a result of the committees' work, 27.5 million dollars in loans were rescinded during fiscal year 1953. Some rescissions are still in process. It is estimated that there will be approximately 15 million dollars in rescissions during the fiscal year 1954.

Loan Security Activities

Loan repayments. Cumulative principal and interest payments to June 30, 1953 amounted to \$279,889,098 and \$151,123,323 respectively. As of that date, repayments made ahead of schedule amount to \$56,767,853, while payments of principal and interest overdue more than 30 days amounted to \$733,450 less than 0.2 of one percent of the amount due. (Overdue amount does not include interest and principal in the amount

of \$44,478 due on two loans which were foreclosed.) The corresponding figures as of June 30, 1952 were:

Payments:	
Principal.....	\$231,092,188
Interest.....	130,806,517
Repayments ahead of schedule.....	47,912,558
Payments overdue more than 30 days.....	699,140
Interest and principal due on two foreclosures.....	44,478

Increased debt service. Electrification borrowers generally need a 5-year period for constructing their facilities and placing them on a revenue-producing status. For that reason, most borrowers are granted a 5-year deferment of interest and principal payments on each loan with interest and principal payments normally scheduled in equal annual installments over the remainder of the loan period. Since most borrowers have received several loans over a period of time, this means that their total period of debt repayments to REA is substantially greater than 35 years. This also means that their debt service obligations will peak sometime during the mid part of their loan period.

This fact, combined with a peak loan program of \$448,859,597 in fiscal year 1949, has resulted in a substantial increase in payments due from borrowers during fiscal year 1953. During the next few years, the amounts due will mount even more rapidly. From 1948 to 1951, annual principal and interest due from borrowers increased from approximately 30 million dollars to approximately 40 million dollars. From 1951 to 1953, annual principal and interest due increased to almost 60 million dollars. Within the next five years, it is estimated that it will reach 120 million dollars.

Program Economies

Administration of program. At the beginning of the fiscal year 1953, a more unified approach was developed in working with borrowers in all phases of the electric distribution program. The organization of the loan, engineering and operations activities within an area office provided a single point of contact between REA and the electric distribution borrowers. On the basis of overall planning with borrowers and in consideration of their needs where the security of the Government's loan was endangered, the extent to which the borrower needed additional REA help was determined. During the year, progress had been made in placing field activities on a more integrated and selective basis. REA contacts with borrowers have been simplified, thereby providing for more effective and economical administration of the electrification program.

Audit of borrowers' records. During the fiscal year 1953, economies were effected in the electrification program through the transfer of additional responsibility to borrowers for having their operating records audited by certified public accountants instead of by REA auditors. During fiscal year 1953, a total of 631 borrowers were required to secure audits by certified public accountants as compared to 261 borrowers during fiscal year 1952.

Engineering activities. A reduction during the fiscal year of nearly one-fourth of the electrical engineering staff was possible by placing increased responsibility with borrowers for planning their systems, making studies of technical engineering problems, as well as requiring those borrowers under the CPA program also to engage consulting engineers to inspect work order construction.

Power use and management assistance. By placing greater reliance on borrowers for the conduct of their operations, it was possible to curtail about one-fifth of the REA field staff engaged in power use programs and specialized management activities.

Current Electrification Program

A primary responsibility of REA is to safeguard the Government's security for over 2.7 billion dollars in loans already made. REA must also further the extension of electric service to the remaining unserved areas, as well as take steps to meet the needs for the ever increasing use of power on existing systems. REA plans to meet these responsibilities while achieving further economies in administration of the electrification program.

Lending and Construction.

Loans. An estimated 9.2 percent of American farms were unelectrified as of June 30, 1953. Applications for loans to provide service to these establishments involve increasing difficulties as the more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of construction costs, probable revenues and operating costs. Complex problems are often encountered in bringing service to the sparsely settled areas, such as the need for acquisitions of existing properties and the development of special engineering designs. The problem of an adequate and dependable power supply is great in sparsely settled areas where power sources are scarce and transmission distances are long.

In addition to the extension of electric service to previously unserved rural people, increasing attention must be given to

the adequacy of service received by approximately 4 million rural consumers already connected. Complex lending and construction plans must be worked out with borrowers for system improvements, such as rephasing, the provision of additional capacity on existing systems; and the assurance of adequate, dependable, and economical wholesale power supply.

Construction. During 1954 it is estimated that there will be approximately 55,000 miles of distribution line energized, bringing service to 150,000 new consumers, 4,800 miles of transmission line built, and 208,000 kw of generating capacity installed. Construction work in process totaled approximately \$424,000,000 at the beginning of fiscal 1954.

Advances. Advances of loan funds are estimated at \$200,000,000 for the year. With an estimated loan program of \$135,000,000 for 1954 and approximately \$15,000,000 in rescissions of prior loans, these advances are expected to reduce the balance of unadvanced loans from \$467,783,284 at the beginning of fiscal year 1954 to approximately \$388,000,000 at the end of the year. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Loan Security Activities.

The borrowers must of course be in sound financial and operating condition if the scheduled payments are to be met. The aging of borrowers' systems is also of considerable concern, insofar as adequate maintenance, functioning and preservation of existing plant and facilities are involved since they are the sole security for about \$1,982,000,000 in outstanding government loans.

During the calendar year 1952, 192 borrowers had net earnings of less than the minimum required for debt amortization and depreciation and for their weighted age, and therefore are considered to have unsatisfactory financial status.

Many of the 192 borrowers are serving the more sparsely populated areas of the country, or have been retarded in their ability to expand as initially expected. Other borrowers are below the minimum required because of management difficulties, or because of circumstances beyond their control.

In many cases, concerted effort on the part of both REA and the borrowers' management will be necessary in order to insure borrowers' ability to meet their obligations.

Condition of physical facilities. With 1,271,443 miles of lines in operation and over one-half of those lines being more than five years old, there is continuing need for a program of preventive maintenance. Since the physical facilities represent the Government's security for its loans, it is important that borrowers have a systematic program of preventive maintenance in operation. Borrowers are being encouraged to move forward rapidly with systematic maintenance programs. The information sent to borrowers concerning the best methods and procedures in carrying out this program will continue to be expanded and improved.

The need for this work is heightened by the farmers' reliance on, and the need for, adequate and dependable service which can be supplied only by lines that are properly operated and maintained.

Organizational and operational soundness of borrowers. As a matter of loan security, REA works with borrowers having financial and other problems in order to prevent substantial delinquencies in later years, when the impact of full debt service payments will be felt. Borrowers are encouraged to develop comprehensive borrower management programs and sound operating policies and practices to enable them to meet their increasing responsibilities with minimum need for intensive assistance. Although loan payments overdue are less than two-tenths of one percent, it is important that the operating margins of all borrowers be maintained sufficiently high to meet increasing loan payment requirements if a heavy rise in delinquent payments is to be avoided.

Borrowers' programs to produce increased revenue. The possibility of the average borrower improving his financial position is far greater through increased revenue than through decreasing operating costs. Through the use of the power use staff and concentrated efforts to stimulate state-wide associations, extension services, and others, borrowers are being encouraged to develop and actively pursue programs of increasing power consumption on their systems and thereby advance their financial position and operating stability.

Additional Program Economies.

REA is forecasting a further substantial reduction in the cost of administering the electrification program which, it is believed, will not impair the ability of the agency to carry out its responsibilities under the Rural Electrification Act of 1936.

1953 Telephone Program

REA has to the fullest extent encouraged the telephone industry to expand present facilities to take care of rural needs. During the

year, REA personnel met with regional small company committees to consider problems of mutual interest in the expansion of rural telephone service.

In the engineering and construction phases of the program, engineering contracts were executed by 81 borrowers, and area coverage designs were completed on 72 projects. At the year's end 91 borrowers had almost 28,000 miles of line, providing service to 88,000 subscribers, under contract or approved force account proposals, and construction had been completed on more than 8,000 miles. Program developments during 1953, and the status of the program on June 30, 1953, are highlighted below.

Loans. During fiscal year 1953, 104 telephone loans were made totaling \$35,883,500. Cumulative loans totaled \$118,144,218 through June 30, 1953. The loans provide for the construction and improvement of 88,000 miles of pole lines to serve 302,600 rural subscribers.

Applications. During fiscal year 1953, 184 telephone loans applications totaling \$66,936,911 were received. At the close of the fiscal year, there were on hand 505 applications totaling \$112,740,992, received from 40 different states and Alaska.

Construction. New telephone service was extended to 12,233 rural subscribers during the fiscal year, and 10,810 existing subscribers received improved telephone service. New service was extended through construction of 7,650 miles of new pole line. During the fiscal year 377 miles of pole line were improved. Cumulative new rural subscribers served through June 30, 1953, totaled 12,507, while improved service was extended to 12,222 rural subscribers. Thirty-seven borrowers placed systems in operation during the year.

Contractual research. The telephone contractual research program has provided an effective and economical means of bringing the resources of private industry to bear on the many complex technical problems which hinder progress of rural telephony at a reasonable cost. During the last two years, REA has been able to develop research projects and has interested well-equipped firms, with many years of know-how, in entering into contracts with the Federal Government with the Government paying as little as 20 percent of estimated total cost. One planned research project in rural telephony, on which early bids indicated a probable cost to the Government of approximately \$50,000 was eventually undertaken by a private firm at no cost to the Government.

Current Telephone Program.

Lending and Construction.

Loans. During the 1954 fiscal year, it is hoped to bring the loan program more closely in line with the rate at which applications were received during 1953, and possibly cut slightly

into the backlog of applications. A loan program of \$74,000,000 is contemplated for fiscal year 1954. Program plans are to continue at about the same level in fiscal year 1955.

Construction. It is estimated that during fiscal year 1954 approximately 28,000 miles of new pole line will be constructed and that approximately 65,000 new rural subscribers will be connected, almost a threefold increase in activity over 1953. Approximately 2,100 miles of pole line will be improved providing better service to an estimated 63,000 rural subscribers. It is estimated that progress will proceed at about the same rate in fiscal year 1955.

Advance of funds. The heavy increase in construction activities during fiscal year 1953 will result in a substantial increase in the advance of loan funds to borrowers as needed. Advances are expected to increase from \$23,864,804 in 1953 to approximately \$42,000,000 in 1954.

Loan Security.

New borrowers in operation. Approximately 50 additional borrowers are expected to be in operation by the end of fiscal year 1954, making a total of about 220 telephone borrowers in operation. Most of these new borrowers will have had no previous experience in operating a modern telephone system and will need help in establishing dependable accounting systems and sound operating programs. Getting a borrower started on a sound footing contributes immeasurably toward the future security of the Government's loan.

Program Economies.

While additional funds will be required for the expanding telephone construction and operations activities, which will be more than offset by decreases in the electrification program, economies are planned to further reduce certain administrative costs in the telephone program.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net Loans All Purposes	Miles Constructed (Loan Estimate)	Consumers Served (Loan Estimate)
June 30, 1936	\$ 13,903,412	13,072	43,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,436	80,951	282,802
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,828
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,353,114
June 30, 1944	498,811,447	448,889	1,433,567
June 30, 1945	564,968,184	507,105	1,495,233
June 30, 1946	817,086,990	674,742	2,080,167
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334
June 30, 1953	2,730,009,086	1,351,297	4,195,732

CONSTRUCTION

Table No. II

Date	Funds Advanced	Miles Energized	Consumers Connected	Total KWH Billed (Annual)
June 30, 1936	\$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	311,479,000
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323	8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426	10,603,236,075
June 30, 1953	2,262,225,801	1,271,443	3,951,940	12,560,298,086

a/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations 1955
Allotment from:			
<u>Flood Prevention, Agriculture -</u>			
For expenses in connection with			
planning the agricultural			
phases in the development of			
the Arkansas-White-Red River			
and New England-New York areas..	\$4,000	- -	- -
Allocations and Working Funds			
(Advances from other agencies):			
<u>Foreign Operations Administration:</u>			
For expenses in connection with			
training and technical assist-			
ance activities	1,267	- -	- -
<u>Obligations Under Reimbursements</u>			
<u>From Governmental and Other</u>			
<u>Sources:</u>			
Salaries and expenses	860	\$2,000	\$2,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS:			
AND OTHER FUNDS	6,127	2,000	2,000

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration, established on November 1, 1946 pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, is now authorized to perform the following activities:

1. Make direct farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals for the purchase, enlargement or development of family size farms. Loans, at 4% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values.
2. Insure 40 year farm ownership loans made by private lenders up to 90 percent of the normal value of the farm and necessary improvements at 3 percent interest plus a 1 percent insurance charge (1/2 of one percent available to the insurance fund and 1/2 of one per cent available for administrative expenses). Insured loans are for the same purposes and to the same classes of individuals eligible for direct farm ownership loans.
3. Make production and subsistence loans to farmers and stockmen for farm operating expenses and for other farm needs including the refinancing of indebtedness and family subsistence. Loans are made up of \$7,000 for 1 to 7 years at 5 per cent interest with a limit of \$10,000 on the total indebtedness of any farmer.
4. Make loans for the construction, repair, or improvement of water facilities in the arid and semiarid areas of the 17 Western States. These loans are made at 3 per cent interest for periods up to 20 years to individuals and groups to provide domestic or irrigation water supply. Engineering assistance is given in planning and installing farmstead and irrigation facilities.
5. Make emergency loans to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. Production disaster and economic disaster loans are made at a 3 per cent interest rate for periods consistent with the ability of the borrower to repay, usually for one year. Special loans to livestock producers are made at a 5 per cent interest rate for periods not exceeding three years. Loans may also be made at a 5 per cent interest rate to bona fide fur farmers but only for supplemental credit to those already indebted for prior loans.

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of farm ownership loans, they certify to the normal long-time earning capacity value of the farm and in the case of farm housing loans, certify as to the normal market value.

On July 1, 1953, the Administration was servicing the accounts of about 337,000 individual borrowers with outstanding indebtedness of \$748,000,000 principal and interest.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 40 State offices (a few of which service two or more States), about 1,500 county offices, and a National Finance Office in St. Louis, Missouri. The Farmers' Home Administration, on November 30, 1953 had 5,623 full-time employees, 279 of whom are in Washington, and the balance in the field, and 9,188 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	<u>Estimated Available, 1954</u>	<u>Budget Estimates, 1955</u>
Borrowing authorizations:		
Farm ownership	\$ 19,000,000	\$ 19,000,000
Farm housing	16,500,000	- -
Production and subsistence	140,000,000	120,000,000
Water facilities	6,500,000	6,500,000
Appropriated funds:		
Salaries and expenses	a/ 26,737,000	22,250,000
Total	<u>208,737,000</u>	<u>167,750,000</u>

a/ Excludes \$863,000 transferred to other appropriations to cover penalty mail costs.

(a) Loan Authorizations
(Authorization to borrow from Treasury)

Appropriation Act, 1954	\$162,000,000
Supplemental borrowing authorization for 1954 (Public Law 175, approved July 31, 1953)	20,000,000
Base for 1955	182,000,000
Budget Estimate, 1955	145,500,000
Decrease	<u>-36,500,000</u>

SUMMARY OF DECREASES, 1955

Elimination of farm housing loans	-16,500,000
Elimination of the amount contained in the supplemental borrowing authorization for 1954 providing for assistance in emergency situations in the drought areas of the Southwest and other areas of the country	-20,000,000

PROJECT STATEMENT
(on the basis of available funds)

Project	1953	1954 (estimated)	Decreases	1955 (estimated)
<u>Loan Authorizations</u>				
1. Farm ownership loans	\$18,993,868	\$19,000,000	- -	\$19,000,000
2. Farm housing loans: 19,294,817: 16,500,000			-\$16,500,000(1):	- -
3. Production and subsistence loans	119,999,931	140,000,000	-20,000,000(2):	120,000,000
4. Water facilities loans	5,999,939	6,500,000	- -	6,500,000
Total loans	164,288,555	182,000,000	-36,500,000	145,500,000
Unobligated balance ...	1,423	- -	- -	- -
Total available or estimate	164,289,978	182,000,000	-36,500,000	145,500,000
Prior year balance available	-289,978	- -		
Total appropriation or estimate	164,000,000	182,000,000		

DECREASES

(1) Decrease of \$16,500,000 in borrowing authorization for farm housing loans due to the elimination of this program. The authorization for appropriations or borrowing authority in the Housing Act of 1949, as amended, which provided for these loans expires on June 30, 1954.

Although it is proposed to discontinue making farm housing loans, it may, nevertheless, be necessary in 1955 and subsequent years to purchase first mortgages where the Government security is a second mortgage or to pay taxes, insurance, etc., in order to protect the Government's interest. In such cases, it is proposed to utilize funds available for direct farm ownership loans.

(2) Decrease of \$20,000,000 in borrowing authorization for production and subsistence loans. This reduction represents the elimination of the borrowing authorization contained in Public Law 175, approved July 31, 1953, as a non-recurring item to provide emergency assistance to farmers in the drought areas of the Southwest and in other areas of the Nation where a need exists for additional production and subsistence loan type assistance. [To the extent that borrowers receiving loans from the \$20,000,000 supplemental authorization in 1954 require some additional assistance in 1955, their needs for subsequent loans will be met from the authorization of \$120,000,000 estimated for that year.]

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

- To carry into effect the provision of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended * * the Act of August 28, 1937, as amended * * the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444); the items "Loans to farmers, 1948 flood damage" in the Act of June 25, 1948 (62 Stat. 1038) and "Loans to farmers, property damage" in the Act of May 24, 1949 (63 Stat. 82); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (7 U.S.C. 1033-1039), as follows:

LOAN AUTHORIZATIONS

- 2 For loans * * *: Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, [and title V of the Housing Act of 1949, as amended, (except grants under 504 (a)), \$35,500,000] \$19,000,000, of which not to exceed \$5,000,000
- 3 [of the amount available for the purposes of title I and section 43 of the Bankhead-Jones Farm Tenant Act, as amended,] may be distributed to States and Territories without regard to farm population and prevalence of tenancy, in addition to the amount otherwise distributed thereto, for loans in reclamation projects
- 4 and to entrymen on unpatented public land [(sums available for loans under title V of the Housing Act of 1949, as amended, to remain available until expended)]; title II of the Bankhead-
- 5 Jones Farm Tenant Act, as amended, \$120,000,000; * * * [For an additional amount for loans under title II of the Bankhead-Jones Farm Tenant Act, as amended, \$20,000,000, to be borrowed in the same account as is authorized under this head in the Department of Agriculture Appropriation Act, 1954.]

The first change is for the purpose of specifically authorizing the use of current loan funds to make advances incident to the acquisition and preservation of security of obligations in connection with loans made under the cited authorities. An occasional need exists to make recoverable advances for such items as real estate taxes, insurance, and advance costs of any foreclosures, costs of servicing, outstanding loans, etc., in order to protect the Government's interest in the security. It is expected that total advances under the proposed language change would not exceed \$5,000.

The second and fourth changes are for the purpose of deleting references to the Housing Act of 1949, as amended, since this legislation will expire at the close of fiscal year 1954 and the 1955 estimates include no loan funds for this program.

The third change deletes reference to the amount for purposes of title I and section 43 of the Bankhead-Jones Farm Tenant Act, as amended. This language is no longer necessary since reference to the Housing Act of 1949 is proposed for deletion.

The fifth change proposes deletion of the non-recurring language contained in Public Law 175, approved July 31, 1953, which provided additional funds for production and subsistence loans for assistance in drought-stricken areas.

(b) Salaries and Expenses

Appropriation Act, 1954		\$27,600,000
Transferred pursuant to Public Law 286 for		
Penalty Mail to:		
"Salaries and Expenses, Extension Service" ...	833,000	
"Salaries and Expenses, Foreign		
Agricultural Service"	<u>30,000</u>	-863,000
Transfer from Farm Tenant-Mortgage Insurance Fund		<u>+260,000</u>
Base for 1955		<u>26,997,000</u>
Budget Estimate, 1955:		
Direct appropriation	22,250,000	
Transfer from Farm Tenant-Mortgage Insurance		
Fund	<u>322,000</u>	
Total available, 1955		<u>22,572,000</u>
Decrease	a/	<u><u>-4,425,000</u></u>

SUMMARY OF INCREASES AND DECREASES, 1955

Elimination of costs in connection with making farm		
housing loans		-550,000
General reduction of costs in connection with making and		
servicing loans		-3,937,000
Increase in transfer from Farm Tenant-Mortgage Insurance		
Fund in connection with making and servicing insured		
mortgage loans		+62,000

a/ The decrease, compared with the 1954 appropriation before making transfers totaling \$863,000 to other agencies for penalty mail costs pursuant to Public Law 286, is \$5,288,000. The \$863,000 was made available through a reorganization of the Administration which was initiated in 1954.

PROJECT STATEMENT

Project	1953	1954 :(estimated):	Increases or Decreases	1955 :(estimated)
Administration of loan, grant, and insured mortgage programs ..	\$29,405,152	\$26,997,000	-4,425,000 (1)	\$22,572,000
Unobligated balance ..	167,890	..	..	- -
Costs under Penalty Mail Act (P. L. 286) ..	[- -]	[237,000]	[-13,000]	[250,000]
Total available ..	29,573,042	26,997,000	-4,425,000	22,572,000
Transferred from:				
"Farm Tenant-Mortgage Insurance Fund"	233,000	260,000	+62,000	322,000
Sub-total	29,340,042	26,737,000	-4,487,000	22,250,000
Transferred to:				
"Salaries and expenses, Extension Service"	- -	+833,000	...	...
"Salaries and expenses, Foreign Agricultural Service" ..	- -	+30,000	...	...
Reduction pursuant to Sections 411 and 412 ..	+9,958	- -	...	...
Total appropriation or estimate	29,350,000	27,600,000	...	...

INCREASES AND DECREASES

(1) A net decrease of \$4,425,000 consists of:

(a) A decrease of \$550,000 in salaries and expenses costs due to the elimination of farm housing loans in 1955. This amount represents the approximate cost included in the 1954 appropriation for making farm housing loans totaling \$16,500,000.

(b) A decrease of \$3,937,000 representing a general reduction in salaries and expenses costs, as explained in more detail below.

(c) An increase of \$62,000 by transfer of receipts from the "Farm-Tenant Mortgage Insurance Fund" to provide a portion of the cost of loans in 1955 and servicing loans outstanding in prior years. It is estimated that about 1,040 loans will be insured and that about 7,800 insured loans will be outstanding and require servicing during the fiscal year 1955. The Farmers' Home Administration Act provides that the Government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagees. Provision is made for fees for inspection and appraisal and for an initial charge and a charge each year thereafter of one-half of one per cent, to be used for administrative expenses relating to mortgage insurance. It is estimated that such collections in 1954 will provide \$322,000 to be used for these expenses in 1955. This is an increase of \$62,000 over the amount available in 1954.

The net decrease of \$4,425,000 will be applied at the various levels of operation substantially as follows:

Washington Office - A selective reduction in all activities will be made resulting in a decrease in personal services costs of about \$531,000 including the reduction which will result in the National Office through the establishment of the National Finance Office in St. Louis, Missouri as discussed below. The present Finance Division in Washington will be abolished and become a part of the National Finance Office to be located in St. Louis, Missouri. A small staff of National Finance Office employees would continue to be located in Washington to handle fiscal irregularity cases and as a liaison group to work with Washington Office Divisions, the Department, General Accounting Office, Treasury Department and others.

Area Finance Offices - The existing Farmers Home Administration organization includes four Area Finance Offices handling all the fiscal and administrative services functions in the field. The Area Finance Offices are located in St. Louis, Missouri, Montgomery, Alabama, Dallas, Texas and Denver, Colorado. These four offices plus the Finance Division in Washington will be consolidated into one National Finance Office located in St. Louis, Missouri. This consolidation will result in a reduction in personal services costs of about \$545,000 excluding the reduction in personal services costs heretofore specifically identified with the Washington Office. As a part of the general savings in personnel, the consolidation will result in most substantial savings in overhead costs heretofore required in the internal functioning of the individual Area Finance Offices and in the Finance Division of the National Office. In addition to the reduction in the appropriation for the Farmers Home Administration, an annual savings of about \$95,000 in rental costs paid by the General Services Administration will result from the consolidation of offices.

Examination Division Field Offices - Through the consolidation of the finance functions into one National Office, a reduction can be made in the personnel responsible for auditing the Administration's fiscal operations. A reduction of about \$19,000 in personal services costs will result. No reduction is planned in the personnel examining individual county office operations. The present staff of field examiners has been able to audit each county office only once every four years. It is planned to eliminate from the present examining operations those items which are not wholly essential, in order to secure more frequent examinations. Present plans call for nearly doubling the number of examinations so that each county office can be examined every two years.

State Offices - The Farmers Home Administration maintains 39 State Offices in the Continental United States and one comparable office in Puerto Rico. The 1955 Budget Estimates provide for the continuance of all of these offices. However, substantial reductions in personnel will be made in all types of positions particularly in the higher grades. The reduction in personal services costs in these offices will amount to about \$1,836,000.

Substantial changes are being made in work routines and authorities so that more responsibility is placed on county office staffs. One significant example of this further decentralization in responsibility is the appraisal work carried out in connection with farm ownership loans. The Farmers Home Administration has maintained a staff of trained appraisers in State Offices which has been responsible for real estate appraisal work throughout the entire State. It is planned to eliminate most of the appraiser positions in the State Offices and utilize the services of County Supervisors suitably located throughout the State to perform this function. It is expected that many benefits will result from this plan, including reduced travel costs, more prompt service to applicants for loans and full utilization of the time of personnel performing appraisal work. No loss in the independence of the appraisal work will result from this decentralization.

County Offices - A reduction of about \$912,000 will be made in County Offices personal services costs. This is a reduction of about 6.8 per cent. The Farmers Home Administration conducts a continuous review of the costs in County Offices, including studies looking toward the elimination of non-essential offices and the proper placement of personnel throughout the country to conform to the ever shifting caseload. These studies have revealed some county offices with workloads too small to justify the retention of the office unless additional counties can be serviced from the office or the number of personnel reduced. The Farmers Home Administration now maintains about 1,565 full-time County Offices throughout the Continental United States, Puerto Rico, Hawaii, and Alaska. This number probably will be reduced to about 1,480 through the consolidation of territories. In many instances it is possible to retain an office by the addition of adjacent counties creating a workload of sufficient size to justify its retention. This often results in the elimination of personnel in the office from which the county was transferred or otherwise creates a more balanced workload. In addition to the closing of some county offices, reductions will be made in the number of assistant county supervisors and assistant clerks.

Other Reductions - The reduced number of personnel and the closing of some county offices will result in substantial reductions in travel and other costs. The net reduction in 1955 obligations for all objects except regular personal services is estimated at \$582,000. About \$111,000 of this net reduction is due to abnormal non-recurring expenses in 1954 and 1955 primarily due to the establishment of the National Finance Office in St. Louis.

The following table shows the reduction in the number of budgeted permanent positions in 1954 and 1955 and illustrates the comparative number of positions at each level and the percent reduction at each level. This table includes permanent positions from all appropriations.

	<u>1954 Positions</u>		<u>1955 Positions</u>		<u>Reduction</u>	<u>Percent Reduction</u>
	<u>Number</u>	<u>Percent of total</u>	<u>Number</u>	<u>Percent of total</u>		
National Office:						
Excluding Finance Division	249	4.3	173	3.6	76	30.5
Finance Division	49	.8	14	.3	35	71.4
Sub-total	<u>298</u>	<u>5.1</u>	<u>187</u>	<u>3.9</u>	<u>111</u>	<u>37.2</u>
National Finance Office:						
Total	622	10.6	397	8.2	225	36.2
Less Finance Division	<u>-49</u>	<u>-.8</u>	<u>-14</u>	<u>-.3</u>	<u>-35</u>	
Sub-total	<u>573</u>	<u>9.8</u>	<u>383</u>	<u>7.9</u>	<u>190</u>	<u>33.2</u>
Field Examination Office	76	1.3	67	1.4	9	11.8
State Offices	988	16.9	586	12.2	402	40.7
County Offices	<u>3,921</u>	<u>66.9</u>	<u>3,592</u>	<u>74.6</u>	<u>329</u>	<u>8.4</u>
Total	<u>5,856</u>	<u>100.0</u>	<u>4,815</u>	<u>100.0</u>	<u>1,041</u>	<u>18.0</u>

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

SALARIES AND EXPENSES

- 1 For [the] making, servicing, and collecting [of] loans and insured mortgages, the servicing and collecting of loans made under prior authority, the liquidation of assets
- 2 transferred to Farmers' Home Administration [pursuant to the Farmers' Home Administration Act of 1946, the extension of financial assistance under the Housing Act of 1949, as amended, and the administration of assets transferred under subsection 2 (f) of the Act of May 3,
- 3 1950, \$27,600,000], and other administrative expenses,
- 4 \$22,250,000, together with a transfer [to this appropriation item] of not to exceed [\$325,000] \$400,000 of the
- 5 fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended.

The first four changes are proposed mainly for the purpose of simplifying the language and deleting specific reference to the Housing Act of 1949, as amended, made necessary by the elimination of new funds for loans under title V of the Housing Act of 1949. The proposed language also clarifies the availability of the appropriation for use in connection with all programs and assets administered by the Farmers Home Administration.

The fifth change proposes to increase from \$325,000 to \$400,000 the amount authorized to be transferred to this appropriation from the "Farm Tenant-Mortgage Insurance Administrative Fund". Receipts to this fund in 1954 available for administrative expenses in 1955 are estimated at about \$322,000, but the larger figure has been included in the appropriation language to provide for possible increased activity beyond present estimates with resulting increased receipts to the Fund. In such event, administrative expense requirements to service the added loans would necessarily increase.

(c) Grants

Appropriation Act, 1954 and Budget Estimate, 1955 - -

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
Farm housing improvement grants	\$55,310:	- -	- -	- -
Prior year balance available	-177,562:	-122,252:	+\$122,252:	- -
Balance available in subsequent year	+122,252:	- -	- -	- -
Transferred to:				
"Eradication of foot-and-mouth and other contagious diseases of animals and poultry, Agricultural Research Administration"	- -	+122,252:	-122,252:	- -
Total appropriation or estimate	- -	- -	- -	- -

CHAPTER I

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STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans and
Farm Housing Loans and Grants

Title I of the Bankhead-Jones Farm Tenant Act as amended authorizes direct and insured farm ownership loans for the purchase and improvement of family-type farms and for the enlargement and improvement of undersized and underdeveloped farms. Title V of the Housing Act of 1949 as amended, authorized loans and grants to owners of farms through the fiscal year 1954 for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Loans for enlargement and development were also authorized on certain farms receiving loans for buildings.

The \$38,000,000 authorized in 1953 for loans was allocated between programs as follows: \$18,995,161 for farm ownership loans and \$19,004,839 for farm housing loans. There was also available in 1953 for farm housing loans \$289,978 unobligated from prior year borrowing authorizations. Within the total of \$18,995,161 for farm ownership loans, \$2,294,159 was allocated exclusively for loans to settlers on reclamation projects. The balance of \$16,701,002 was made available among the states and territories in accordance with the statutory formula for distribution of funds based on farm population and prevalence of tenancy.

The Department of Agriculture Appropriation Act, 1954, combined the funds to be borrowed from the Secretary of the Treasury for direct farm ownership and farm housing loans, thus making \$35,500,000 available interchangeably for these two programs. The distribution as reflected in the Revised Budget Estimate was \$19,000,000 for farm ownership loans and \$16,500,000 for farm housing loans.

Farm Ownership Loans

Through the Farm Ownership program eligible farm tenants, sharecroppers, and farm laborers may purchase family-type farms and the owners of undersize or underdeveloped farms may enlarge their farms or develop them into efficient family-type farm units. Preference is given to veterans and special provisions are made for loans to disabled veterans. Farm ownership loans are available only to those farm families unable to obtain credit at reasonable rates and terms from other sources.

In addition to credit, borrowers are provided with practical on-the-farm guidance as required to assist them in making adequate and economical improvements to their farms and farm buildings and to assist in adopting improved practices and making other adjustments necessary to place their farming operations on a sound and profitable basis. These loans, together with assistance and on-the-farm guidance are designed to help farmers become established on farms and develop efficient farm and home operations which adequately utilize their land and labor resources.

1. Source of Funds: Direct loans are made from Federal funds in amounts up to 100% of the value of the farm and necessary repairs and improvements. Similar loans made by private lenders may be fully insured by the Government up to 90% of the value of the farm and necessary repairs and improvements.
2. Terms of Loans: Loans are amortized over a 40-year period and deferment of payments may be made to the end of the second full crop year where basic adjustments required in placing the farm in operation will result in little cash beyond that needed for operating and for family living expenses during the early years of development. On loans made since June 19, 1948, direct loan borrowers pay 4% interest and insured loan borrowers pay 3% interest plus 1% annual mortgage insurance charge. Borrowers are required to refinance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms. Provision is made, however, in the case of insured mortgage loans for the holder of the insured mortgage to retain a loan that could be refinanced by other lending institutions until such time as the holder may be able to refinance the loan on an uninsured basis under laws or regulations to which he may be subject. Statutory provision is made for the purchase from private lenders, through use of the Farm Tenant-Mortgage Fund, of non-delinquent insured mortgages after a period of not less than 5 years from the date of the mortgage. Mortgages dated prior to January 2, 1952, include a provision for such purchase after 7 years, while mortgages dated after January 1, 1952, include a provision for purchase after 5 years.
3. Types of Loans:

Farm ownership loans are of three types:

 - A. Tenant purchase loans to buy and develop efficient family-type farms.
 - B. Farm enlargement loans to buy additional land to convert under-sized units into efficient family-type farms.
 - C. Farm development loans to develop under-improved units into efficient family-type farms.
4. Limitations on Loans: Loans are limited by statute to farms which have a value as acquired, enlarged, or improved not in excess of the average value of efficient family-type farm management units in the county where the loan is made. To protect the borrowers against purchase of farms at excessive values or the establishment of excessive debts for improvement, each loan must be supported by a normal earning capacity appraisal based on long-time

yields, prices, and production costs made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm based upon its normal earning capacity after contemplated improvements are made is determined by a local committee composed of three men, at least two of whom are farmers. No loans may be made in excess of the amount certified by the county committee to be the fair and reasonable value of the farm.

5. Distribution of Funds: Except for a portion of direct loan funds which may be distributed in accordance with the needs of settlers on reclamation projects and to homestead entrymen on public land, the direct loan funds are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Each State is allotted a minimum of \$100,000 and adjustments among states may be made to take care of applications of veterans. Seventy-five per cent of the insured loan authorizations are distributed by the formula relating to farm population and prevalence of tenancy. The remaining 25% of the insured authorizations may be distributed by the Administrator in accordance with the relative needs in the various areas of the country.

6. Progress of Program:

- A. Applicants: During the fiscal year 1953, as in previous years, applications for farm ownership loans were more than twenty times the number of loans approved.

See Tables I and II for distribution by states.

- B. Loans: Initial farm ownership loan activity.

(1) Direct Loans

Since inception of the program in 1938 to June 30, 1953, approximately 60,639 loans for more than \$399,322,706 have been made. This amount does not include non-cash loans resulting from the liquidation of rural rehabilitation projects properties which are also included as farm ownership loans on the loan accounts of the Administration. In 1953, initial loans were made to 1,431 families, including 146 initial loans made from the allocation of \$2,294,159 for loans to reclamation project settlers and 1,285 loans in the states and territories under the statutory distribution formula. Consistent with the veterans' preference provision in the Farmers' Home Administration Act of 1946, 1,261 of the 1,285 loans were made to veterans with only 24 loans being made to non-veterans. This is about the same as the ratio of direct loans made to veterans and non-veterans during the fiscal years 1950, 1951, and 1952. Continued demand from veterans during the 1954 fiscal year is expected to absorb practically all of the funds available

under the distribution formula for initial loans. On reclamation projects, 103 of the 146 initial loans were made to veterans and 43 to non-veterans.

Direct loan activity under the distribution formula, and for reclamation projects is shown on the following tables:

Initial Loans Under Distribution Formula

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1947	3,012	\$23,549,776	55	5,489	\$41,682,243
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,867	13,739,182
1950	1,686	13,374,443	99	1,706	13,534,927
1951	1,735	15,661,003	97	1,794	16,160,876
1952	1,345	13,859,098	98	1,370	14,051,276
1953	1,261	13,765,960	98	1,285	13,963,434
1954 (est.)	1,255	13,554,000	97	1,295	14,000,000

See Tables I, II, and III for distribution by states

Initial Loans On Reclamation Projects

1951	150	\$ 1,692,142	67	223	\$ 2,556,722
1952	105	1,376,934	64	164	2,126,704
1953	103	1,573,024	71	146	2,190,844
1954 (est.)	137	2,047,500	70	195	2,925,000

(2) Insured Loans

The insured farm ownership loan program continued on a substantially restricted basis due to a "tight" money market with few private institutional lenders interested in investments of this type. During the 1953 fiscal year 1,049 initial loans were insured, including 280 for veterans. Insured loan activity is shown in the following tables:

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1948	58	\$ 357,550	17	338	\$ 2,412,837
1949	316	2,020,910	28	1,149	7,937,241
1950	695	4,917,886	32	2,191	16,579,689
1951	642	4,877,540	30	2,150	17,555,650
1952	239	2,037,380	22	1,105	10,448,554
1953	280	2,807,682	27	1,049	10,512,765
1954 (est.)	260	2,626,000	25	1,040	10,500,000

See Tables I, II, and IV for distribution by states

The relatively low proportion of insured loans made to veterans is primarily the result of many veterans being unable to meet the 10 per cent down payment requirement of the insured loan program. All applicants, whether veteran or non-veteran, are considered for insured loans before being considered for direct loans, but the down payment requirement cannot be met by many otherwise qualified applicants.

- C. Use of Loan Funds: Increased emphasis has been given to the making of both direct and insured loans for enlarging and developing inadequate and under-developed farms. Farm families occupying farms that are too small or lack adequate development are faced with the problem of under-employment resulting from insufficient land resources to permit efficient utilization of available family labor and managerial ability. This results in inadequate incomes. Assistance to these families in developing farms of adequate size and efficiency permits fuller use of manpower, more efficient production, increased income and greater economic stability. Enlargement and development loans attack in a practical and effective manner some of the most basic and difficult problems involved in strengthening family farms in America and dealing with the problem of rural under-employment.

The following table, illustrating the increased loans for farm enlargement and development, shows the number of initial tenant purchase, farm development, and farm enlargement loans in recent years, including both direct and insured loans and including loans on reclamation projects.

<u>Fiscal Year</u>	<u>Tenant Purchase Loans</u>	<u>Farm Enlargement Loans</u>	<u>Farm Development Loans</u>	<u>Percent of No. of Total Loans Made for Enlargement and Development</u>
1947	4,983	290	216	9.2
1948	1,724	152	291	20.4
1949	1,979	267	770	34.4
1950	2,113	426	1,358	45.8
1951	2,005	589	1,573	51.9
1952	1,112	440	1,087	57.9
1953	950	405	1,125	61.7

D. Loan Repayments:

(1) Direct Loans

From the inception of the Farm Ownership program in 1938 through March 31, 1953, a total of 67,037 families had been

advanced \$424,217,300 (including the value of non-cash loans) for the purchase, enlargement, and development of farms. Principal payments of \$234,119,038 and interest payments of \$62,969,386 had been made. In addition, principal write-offs totaled \$950,990 and judgments were \$299,614. Interest write-offs were \$81,806 and judgments were \$28,918. As of March 31, 1953, cumulative scheduled installments of \$64,327,859 had become due from 34,328 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were \$76,575,062, which was 19 per cent, or \$12,247,203 more than required on a scheduled amortization basis. An additional \$9,594,204 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 21,492 borrowers were \$15,391,071 ahead of schedule, an average of \$716 each; 6,770 were on schedule; and 6,066 were behind schedule \$3,143,868, an average of \$518 each.

A total of 32,709 of the 67,037 families who had received loans, had paid their loans in full as of March 31, 1953. Of this number 20,700, or about 63 per cent, continued to operate the farms acquired through this program. The remaining 12,009 fully satisfied their accounts but no longer operated the farms acquired through this program.

See Table V for distribution by states

(2) Insured Loans

As of March 31, 1953, \$60,671,673 had been advanced under the insured mortgage program to 7,471 farm families for the purchase, enlargement and development of farms. Payments by insured mortgage borrowers totaled \$11,232,074 as of the same date. Of this amount, \$6,491,251 represented principal payments, \$3,423,223 payments on interest, and \$1,317,600 payments to the mortgage insurance fund, including the one per cent insurance charge available for capital expenditures and administrative expenses. As of March 31, 1953, 442 insured mortgage borrowers had paid their loans in full. Of those with unpaid balances, 3,477 were ahead of schedule, 2,831 were on schedule, and 721 were behind schedule.

See Table VI for distribution by states

- E. Progress of Borrowers: A total of 1,977 borrowers in the United States who repaid their loans in the 1952 fiscal year and remained on their farms increased their gross cash income from an average of \$1,566 to \$4,993 while paying out their farm ownership loans. This is an increase of 219 per cent and amounts to more than 100 per cent after the figures are

adjusted for price changes. Value of productive livestock for these borrowers increased from \$847 before receiving loans to \$2,184 in 1952. Value of work stock and equipment increased from \$657 to \$2,629. Net worth at the end of the last full crop year on the program was more than four times the net worth the year before acceptance. The families whose records are included in these figures had borrowed an average amount of \$5,553 and had loan balances outstanding an average of only 8.4 years although the original notes provided for amortization of the loans over a 40-year period.

Records from 3,334 borrowers in the United States, with accounts outstanding in 1952 who received loans in 1946, showed gross income increasing since the year before acceptance from \$2,432 to \$5,746. This is an increase of approximately 60 per cent after adjustment for price changes. Net worth for these borrowers had increased from \$2,868 in 1945 to \$8,749 in 1952 and value of productive livestock had increased from \$905 to \$2,845. More than 67 per cent of these borrowers are ahead of schedule in their payments.

Farm Housing Loans and Grants

Through the farm housing program, owners of farms unable to obtain credit from other sources at rates and on terms which they can be expected to repay are assisted not only in providing decent, safe and sanitary housing for humans but also in providing adequate and appropriate farm buildings for the production of livestock and livestock products, for storage facilities, and for other essential farm uses.

1. Terms of Loans: Loans may be made for periods of not to exceed 33 years and interest is charged at 4 per cent per annum. Borrowers under Section 503 may receive credits as necessary during the first five years of the loan up to the amount of the interest payment and one-half of the principal payment.
2. Technical Services: Farmers Home Administration personnel analyze proposed construction plans to determine their structural soundness and advise as to most economical construction. A limited number of building plans, specifications, and bills of materials are available without cost to those borrowers who select such plans. Periodic inspections during the course of construction are made to the extent necessary to assure that construction is performed in a fashion which will result in providing security for the loan on the basis contemplated when the loan was made.
3. Progress of Program:
 - A. Applications: During the fiscal year 1953, written applications for farm housing loan or grant assistance were received from 11,065 farm owners, of which 4,678 or 42 per cent were from veterans.

B. Loans and Grants: Since the inception of the Farm Housing program in October 1949 to June 30, 1953, initial and subsequent loans totaling \$81,416,004 have been made to 16,301 farm owners and initial and subsequent grants totaling \$364,174 have been made to 789 farm owners. Of these grants, 108 were made to farm owners who also received loans; thus, 16,982 farm owners have been assisted by this program to this date. The major portion of the building funds, namely \$66,108,559 by June 30, 1953, were loaned for dwelling construction and repair. A total of 8,217 new dwellings and repairs to 6,347 additional farm houses had been financed with Farm Housing funds by that date. The average planned construction cost of new houses during the 1953 fiscal year was \$7,279, including loan funds and cash contributions by borrowers. This relatively low cost of homes financed with Farm Housing loans is largely a result of borrowers making extensive use of salvage and locally-produced materials and utilizing a substantial amount of family labor to do the construction work.

Of the 3,415 farm owners receiving initial Farm Housing loans and grants during the 1953 fiscal year, 1,530 or 45 per cent were veterans. The following table shows the number and amount of initial loans and grants made during the past four fiscal years.

Total Initial Loans and Grants

<u>Fiscal Year</u>	<u>Number Loans and Grants</u>	<u>Amount Loans</u>	<u>Amount Grants</u>	<u>Total Amount</u>
1950	3,956	\$17,229,474	\$ 86,426	\$17,315,900
1951	5,394	23,915,746	131,073	24,046,819
1952	4,217	20,467,204	91,060	20,558,264
1953	3,415	18,958,146	55,310	19,013,456
1954(est.)	2,788	16,175,000	0	16,175,000

Initial Loans and Grants to Veterans only

<u>Fiscal Year</u>	<u>Number Loans and Grants</u>	<u>Percent of Number</u>	<u>Amount Loans</u>	<u>Amount Grants</u>	<u>Total Amount</u>
1950	1,523	38	\$6,739,121	\$ 12,130	\$6,751,251
1951	2,096	39	9,670,262	13,880	9,684,142
1952	1,744	41	8,848,401	8,735	8,857,136
1953	1,530	45	9,156,005	2,825	9,158,830
1954(est.)	1,250	45	7,250,000	0	7,250,000

In addition to the above, 142 subsequent loans for \$189,548 and one subsequent grant for \$155 were made in 1951, 204 subsequent loans for \$319,215 and one subsequent grant for \$150 were made in 1952, and 174 subsequent loans for \$336,671 were made in 1953. These subsequent loans and grants were made to both veterans and non-veterans.

The number of farm owners receiving Farm Housing financial assistance of various types is shown in the following table:

<u>Type of Assistance</u>	<u>1950 Fiscal Year</u>	<u>1951 Fiscal Year</u>	<u>1952 Fiscal Year</u>	<u>1953 Fiscal Year</u>
Section 502 loans on adequate farms	3,509	4,838	3,786	3,137
Section 503 loans on inadequate farms	217	230	188	131
Section 504 loans and grants for minor improvements:				
Loans only	33	49	50	25
Loans with grants	32	37	29	10
Grants only	<u>165</u>	<u>240</u>	<u>164</u>	<u>112</u>
Total	3,956	5,394	4,217	3,415

See Tables VII and VIII for distribution by states

- C. Discontinuance of Grants and Initial Section 503 and 504 Loans: Grants in the amount of \$364,174 have been made since the inception of the Farm Housing program in October 1949 to March 15, 1953. During the latter part of fiscal year 1953, the making of grants was discontinued.

Section 503 and section 504 loans, which generally were made on marginal farms have been discontinued since the demand for farm housing loans from persons owning adequate units is far in excess of the funds that will be available for farm housing purposes. As it appears that administrative efforts in connection with the Farm Housing program can best be used to meet the building credit needs of owners of adequate units, initial loan activity will be limited to the authorities under Section 502 of the Housing Act of 1949 during the 1954 fiscal year.

- D. Use of Funds: During the 1953 fiscal year the following improvements were planned with Farm Housing initial loan and grant funds, including cash contributions by borrowers:

<u>Type of Improvement</u>	<u>Number</u>	<u>Cost</u>	<u>Average Planned Cost</u>
New dwellings	1,723	\$12,542,270	\$7,279
Repairs to dwellings	1,029	2,696,151	2,620
New farm service buildings	1,407	3,125,615	2,221
Repairs to farm service buildings	630	628,216	997
Water system	1,340	636,569	475
Land development	117	208,891	1,785
Land purchase	35	128,874	3,682

- E. Loan Repayments: Of the 14,711 individuals with outstanding loan balances as of January 31, 1953, 28 per cent were ahead of schedule an average of \$215. Five per cent were behind schedule in their payments an average of \$250. The 684 borrowers owning inadequate farms at the time loans were made have received contribution credits of \$53,134 against their matured principal and interest payments pursuant to section 503 of the Act.

See Table IX for distribution by states

Table I - Farm Ownership: Total Loan Applications and Number of Direct Loans Made and Insured Commitments,
1952 and 1953 Fiscal Years and Cumulative From Inception of Program

State and territory	1952 fiscal year				1953 fiscal year				Direct loans made 1952 through 1953 fiscal years				Insured commitments 1948 through 1953 fiscal years							
	Number of loan applications			Number of direct loans made	Number of insured loans made	Number of loan applications			Number of direct loans made	Number of insured commitments	Number	Average amount \$	Number	Average amount \$	Number	Average amount \$				
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration									On hand end of period			
									1	2	3	4	5	6	7	8		9	10	11	12	13	14	15
U. S. Total.....	33,906	32,394	66,300	1,534	1,105	28,056	25,370	53,426	18,062	1,431	1,049	60,639	\$6,566	7,982	\$8,242					
Alabama.....	2,395	2,145	4,540	88	17	2,028	1,696	3,724	1,160	72	38	3,963	5,084	198	6,350					
Arizona.....	33	46	79	1	0	21	62	83	24	22	3	96	11,946	10	11,752					
Arkansas.....	1,812	1,560	3,372	57	50	1,267	925	2,192	742	58	6	3,237	4,943	193	5,655					
California.....	226	175	401	10	6	182	194	376	134	17	0	419	9,891	24	10,303					
Colorado.....	399	601	1,000	28	57	647	360	1,007	265	21	22	395	10,564	161	11,421					
Connecticut.....	29	42	71	1	1	28	29	57	8	1	3	42	10,012	6	10,535					
Delaware.....	4	18	22	0	0	3	15	18	7	0	0	79	6,571	6	7,213					
Florida.....	533	542	1,075	35	0	464	2,572	5,241	228	26	17	564	6,103	57	8,064					
Georgia.....	3,463	2,773	6,236	61	25	2,669	2,572	5,241	1,530	56	92	4,947	4,671	438	6,282					
Idaho.....	368	344	712	66	6	295	317	612	254	44	0	616	9,560	86	9,222					
Illinois.....	384	386	770	27	8	282	241	523	177	26	3	967	9,261	82	8,173					
Indiana.....	993	990	1,983	35	58	857	513	1,370	613	23	10	1,291	895	195	10,893					
Iowa.....	1,113	642	1,755	46	14	832	671	1,503	596	45	22	1,291	9,567	281	10,175					
Kansas.....	838	788	1,626	45	44	779	589	1,368	522	23	24	1,179	9,287	343	9,910					
Kentucky.....	543	594	1,137	18	4	482	564	1,046	330	30	48	1,150	7,536	94	10,016					
Louisiana.....	881	928	1,809	28	44	725	719	1,444	525	31	28	1,731	6,097	149	7,522					
Maine.....	115	244	359	9	33	185	271	456	117	10	45	180	7,110	130	7,248					
Maryland.....	151	139	290	8	2	118	98	216	59	12	3	326	7,788	53	7,603					
Massachusetts.....	50	80	130	0	2	53	301	626	117	17	3	889	8,549	11	10,172					
Michigan.....	351	478	829	13	32	325	301	626	225	15	32	899	6,631	281	8,669					
Minnesota.....	591	643	1,234	38	6	477	671	1,148	363	64	24	2,335	5,895	361	7,778					
Mississippi.....	2,307	2,426	4,733	109	109	1,900	1,715	3,615	1,053	62	44	4,160	5,853	312	5,690					
Missouri.....	2,146	1,991	4,137	57	88	1,908	1,698	3,606	1,225	95	90	2,696	6,499	649	6,944					
Montana.....	189	175	364	12	5	157	145	302	112	6	6	405	8,116	64	11,258					
Nebraska.....	1,013	955	1,968	47	42	871	575	1,446	637	24	14	903	10,503	159	11,256					
Nevada.....	38	21	59	4	0	33	31	64	19	3	0	43	10,894	1	12,600					
New Hampshire.....	28	41	69	2	3	25	49	74	22	3	3	43	6,537	9	8,337					
New Jersey.....	52	157	209	5	11	55	109	164	26	16	8	245	9,473	73	10,135					
New Mexico.....	118	161	279	17	5	79	162	241	116	18	12	242	11,109	36	10,951					
New York.....	141	248	389	8	15	169	243	412	127	11	12	664	6,569	109	7,278					
North Carolina.....	2,001	1,981	3,982	96	57	1,848	1,303	3,151	1,157	98	39	3,484	5,185	385	6,361					
North Dakota.....	433	547	980	24	36	505	706	1,211	569	32	63	707	8,394	245	10,735					
Ohio.....	685	1,048	1,733	39	45	769	637	1,406	499	31	17	1,076	8,178	161	9,013					
Oklahoma.....	1,514	1,075	2,589	48	16	945	718	1,663	474	19	34	3,123	6,332	234	8,930					
Oregon.....	119	162	281	35	4	92	131	223	96	14	3	473	7,756	62	9,977					
Pennsylvania.....	472	601	1,073	26	45	408	481	889	228	17	20	938	6,405	280	6,965					
Rhode Island.....	4	10	14	0	9	9	9	18	8	0	0	5	8,014	0	8,014					
South Carolina.....	831	485	1,316	27	28	454	553	1,007	358	37	42	2,468	4,802	181	6,528					
South Dakota.....	660	582	1,242	35	34	567	454	1,021	437	31	33	2,068	8,917	208	11,098					
Tennessee.....	1,378	1,115	2,493	31	20	1,187	824	2,011	695	50	13	2,122	6,002	144	7,098					
Texas.....	1,470	1,504	2,974	64	19	1,192	803	1,995	624	55	7	4,899	8,099	419	8,999					
Utah.....	191	134	325	16	0	147	158	305	114	16	0	341	10,052	31	10,136					
Vermont.....	49	137	186	7	4	85	140	225	75	12	12	171	6,814	24	7,197					
Virginia.....	869	522	1,391	27	5	418	427	845	300	20	39	1,107	6,154	138	8,862					
Washington.....	355	410	765	49	11	314	484	798	277	61	12	480	10,022	80	10,903					
West Virginia.....	253	429	682	27	13	293	389	682	209	43	3	651	5,611	61	6,313					
Wisconsin.....	554	822	1,376	54	78	502	760	1,262	362	35	106	1,771	5,299	710	7,815					
Wyoming.....	56	110	166	21	0	32	92	124	41	21	1	289	9,228	17	11,139					
Alaska.....	2	6	8	1	0	4	5	9	4	0	1	8	10,975	1	7,000					
Hawaii.....	77	55	132	1	3	55	247	89	21	2	2	253	6,418	30	8,779					
Puerto Rico.....	628	326	954	1	0	314	247	561	261	0	0	779	5,308	0	0					
Virgin Islands.....	1	0	1	0	0	0	21	21	20	0	0	4	3,501	0	0					

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from Federal funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

Table II - Farm Ownership: Loan Applications From Veterans Only, Number of Direct Initial Loans Made and Insured Commitments, and Average Amount, 1952 and 1953 Fiscal Years and Cumulative From 1945

State and territory	1952 fiscal year						1953 fiscal year						Direct loans made 1945 through 1953 fiscal years				Insured commitments 1948 through 1953 fiscal years			
	Number of loan applications			Direct loans made			Insured commitments			Number of loan applications			Direct loans made			Insured commitments			Average amount	Number
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount			
U. S. Total.....	19,518	18,670	38,188	1,450	\$10,508	239	\$8,525	15,854	14,475	30,329	10,159	1,364	\$11,246	280	\$10,027	14,283	\$8,807	2,230	\$7,675	
Alabama.....	1,551	1,331	2,882	86	7,691	0	0	1,242	1,061	2,303	665	71	9,931	8	8,516	665	7,461	57	6,482	
Arizona.....	26	29	55	1	14,800	0	0	15	46	61	14	22	17,528	1	14,550	57	13,921	4	12,750	
Arkansas.....	1,064	861	1,925	56	7,148	5	5,895	684	553	1,237	425	57	7,974	1	7,050	799	5,662	39	4,858	
California.....	154	104	258	2	12,300	2	12,300	359	206	565	83	13	12,888	6	12,607	104	11,411	8	10,139	
Colorado.....	209	330	539	24	15,128	14	11,262	359	206	565	152	16	15,793	6	12,607	118	12,795	38	10,766	
Connecticut.....	11	31	42	1	8,215	0	0	15	20	35	7	1	12,000	0	0	20	10,642	0	0	
Delaware.....	2	8	10	0	0	0	0	2	13	15	6	26	9,622	0	8,639	19	7,706	1	5,100	
Florida.....	385	397	782	35	10,017	0	0	320	293	613	172	49	9,822	17	8,320	232	8,254	35	7,772	
Georgia.....	1,933	1,452	3,385	59	8,624	10	8,156	1,332	1,180	2,512	697	35	11,948	0	0	332	11,115	170	5,680	
Idaho.....	236	210	446	48	11,420	0	0	138	224	412	178	26	11,368	0	0	0	0	7	10,211	
Illinois.....	169	238	407	27	11,142	0	0	163	190	353	132	26	11,368	0	0	138	9,731	9	6,701	
Indiana.....	501	520	1,021	35	12,830	13	9,441	445	301	746	332	23	11,335	3	11,000	198	10,442	27	9,431	
Iowa.....	542	353	895	46	13,520	0	0	429	430	859	365	45	16,803	3	16,733	296	11,580	32	9,570	
Kansas.....	431	420	851	45	12,957	3	13,790	414	312	726	284	23	15,651	6	12,741	360	10,676	54	9,923	
Kentucky.....	330	400	730	17	12,297	3	7,615	329	325	654	188	30	12,541	10	11,114	169	9,909	20	9,480	
Louisiana.....	519	484	1,003	27	9,044	13	8,256	404	373	777	267	31	9,299	9	8,576	254	7,906	55	7,301	
Maine.....	75	146	221	9	7,093	19	7,352	100	145	245	73	10	7,777	18	7,877	128	7,652	74	7,191	
Maryland.....	36	46	82	0	9,054	0	0	55	66	121	11	12	10,368	1	6,200	113	8,976	7	6,336	
Massachusetts.....	208	272	480	13	10,937	11	11,270	170	175	345	13	15	12,482	18	11,512	54	9,479	5	11,056	
Michigan.....	326	431	757	38	9,968	0	0	298	441	739	234	64	10,539	1	21,105	656	7,786	77	7,374	
Minnesota.....	1,376	1,382	2,758	51	7,794	51	5,790	1,039	924	1,963	576	60	7,765	19	5,721	870	7,249	155	5,407	
Mississippi.....	1,324	1,230	2,554	139	8,783	8	7,019	1,151	1,009	2,160	714	95	9,077	24	8,197	907	7,520	138	6,503	
Missouri.....	114	114	228	10	12,475	2	13,750	97	82	179	64	5	11,123	1	14,375	235	11,782	17	11,026	
Montana.....	520	503	1,023	47	13,936	6	12,220	470	335	805	351	24	15,898	5	13,280	235	12,295	27	11,026	
Nebraska.....	24	15	39	2	10,875	0	0	20	18	38	11	3	9,700	0	0	30	10,973	0	0	
Nevada.....	19	27	46	2	9,388	1	8,745	16	23	39	13	3	11,061	0	0	19	8,785	1	8,745	
New Hampshire.....	25	77	102	5	13,723	1	11,900	35	69	104	15	16	11,865	2	14,875	173	9,934	28	10,073	
New Jersey.....	74	106	180	14	13,352	0	0	49	106	155	72	15	13,949	1	15,760	138	12,379	10	10,895	
New Mexico.....	85	136	221	8	9,714	7	8,366	97	150	247	71	11	8,475	4	9,848	266	7,511	36	7,186	
New York.....	1,170	1,136	2,306	93	8,941	9	7,092	1,054	767	1,821	670	93	9,790	3	7,318	681	7,304	106	5,661	
North Carolina.....	198	241	439	24	11,610	7	10,435	210	331	541	269	22	15,700	13	15,438	220	11,249	54	10,221	
North Dakota.....	378	583	961	39	10,133	10	9,793	428	377	805	274	31	10,530	3	10,447	236	9,333	41	8,202	
Ohio.....	898	720	1,618	47	12,145	3	11,713	594	413	1,007	272	19	12,289	7	10,641	755	8,343	62	8,413	
Oklahoma.....	59	92	151	18	14,307	0	0	54	74	128	52	10	13,794	2	13,218	116	12,156	7	10,791	
Oregon.....	266	320	586	26	8,494	10	9,100	238	256	494	113	17	9,270	8	10,353	336	7,170	99	6,864	
Pennsylvania.....	4	5	9	0	0	0	0	4	9	13	96	15	0	0	0	1	10,900	0	0	
Rhode Island.....	545	277	816	24	9,683	5	7,294	233	269	502	189	32	8,879	8	6,369	292	6,963	55	6,092	
South Carolina.....	247	317	564	35	14,625	3	12,971	313	270	583	258	31	15,826	9	13,112	181	12,249	53	11,158	
South Dakota.....	692	652	1,344	30	8,933	2	5,250	678	442	1,120	370	43	9,048	1	9,900	378	7,934	28	6,982	
Tennessee.....	838	926	1,764	64	11,729	2	13,269	693	494	1,187	371	55	12,671	0	0	1,090	10,318	161	8,845	
Texas.....	123	89	212	12	10,721	0	0	94	130	224	96	15	11,534	0	0	260	11,057	11	10,591	
Utah.....	26	77	103	7	8,461	0	0	45	69	114	41	12	9,723	0	0	97	7,759	1	6,460	
Vermont.....	555	331	886	26	10,574	1	8,225	264	257	521	180	20	12,067	17	10,268	171	9,384	54	8,917	
Virginia.....	241	417	658	41	14,015	2	10,115	191	275	466	159	43	15,581	3	13,258	194	13,173	13	10,854	
Washington.....	168	264	432	26	9,134	1	7,785	173	230	403	120	43	9,474	0	0	173	7,829	16	5,051	
West Virginia.....	232	379	611	54	10,475	14	9,890	231	340	571	175	35	11,336	33	9,885	365	8,252	208	7,425	
Wisconsin.....	35	68	123	20	12,957	0	0	21	76	97	31	18	13,711	0	0	160	11,669	2	12,455	
Wyoming.....	2	4	6	1	10,400	0	0	3	2	5	3	0	0	1	7,000	8	10,976	1	7,000	
Alaska.....	25	22	47	1	11,900	0	0	22	13	35	8	0	0	0	0	35	9,051	9	9,256	
Hawaii.....	375	234	609	0	0	0	0	226	141	367	162	1	10,338	0	0	84	7,185	0	0	
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5,362	0	0	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from Federal funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

Table III - Farm Ownership Direct Loan Program: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1953 Fiscal Year

State and territory	Number	Amount of funds				Use of funds				Amount of loans to prior year borrowers	Total amount of loans		
		Loans	Furnished by borrower	Total	Average amount of loan	Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings				Dwellings, new and repair	Refinancing
								3	4					5	6	7	8	9	10	11
U. S. Total:	1,431	\$16,154,278	\$46,058	\$16,200,336	\$11,289	\$7,094,377	\$1,729,290	\$1,795,696	\$2,342,113	\$3,238,860	20.0%	\$2,839,591	\$18,993,869
Percent distribution..													
Amount.....													
Alabama.....	72	708,690	6,665	715,355	9,843	329,936	63,433	47,727	162,765	111,494		190,702	899,392
Arizona.....	22	385,620	4,250	389,870	17,528	30,500	18,860	217,153	104,707	18,650		24,393	410,013
Arkansas.....	58	461,345	130	461,475	7,954	116,250	95,933	44,757	76,920	127,615		153,783	615,128
California.....	17	231,670	960	232,630	13,628	35,095	29,680	29,680	82,995	271,346		39,676	271,346
Colorado.....	21	313,350	0	313,350	14,921	182,740	18,525	28,167	34,023	49,895		13,366	326,716
Connecticut.....	1	12,000	0	12,000	12,000	75	1,000	0	175	10,750		13,132	25,132
Delaware.....	0	0	0	0	0	0	0	0	0	0		6,665	6,665
Florida.....	26	250,164	1,800	251,964	9,622	99,464	31,395	16,455	63,250	41,400		55,920	306,084
Georgia.....	56	533,310	4,420	537,730	9,523	186,110	82,430	64,430	117,970	86,580		386,267	919,577
Iaaho.....	44	528,035	1,100	529,135	12,001	146,095	54,250	48,360	115,475	164,955		51,787	579,822
Illinois.....	26	295,575	0	295,575	11,368	81,088	46,315	39,061	9,231	119,880		2,250	297,825
Indiana.....	23	260,705	135	260,840	11,335	107,122	13,210	23,030	12,305	113,173		27,432	288,137
Iowa.....	45	756,130	9,550	765,680	16,803	540,565	36,915	50,765	22,735	114,700		17,012	773,142
Kansas.....	23	313,976	175	314,151	13,651	198,555	35,135	32,144	30,557	37,760		44,582	358,558
Kentucky.....	30	376,225	0	376,225	12,541	121,181	37,015	43,985	41,660	132,384		17,568	393,793
Louisiana.....	31	288,265	0	288,265	9,299	49,395	40,405	14,280	108,325	75,860		161,916	450,181
Maine.....	10	77,770	2,000	79,770	7,777	39,845	1,900	18,630	2,145	17,250		23,800	101,570
Maryland.....	12	124,660	0	124,660	10,388	59,255	5,735	21,990	11,800	25,880		5,323	129,983
Massachusetts.....	3	31,855	100	31,955	10,618	8,670	2,250	3,785	1,350	15,900		9,571	41,426
Michigan.....	15	187,235	1,015	188,250	12,482	86,313	4,990	18,520	14,645	61,782		23,053	210,288
Minnesota.....	64	674,492	802	675,294	10,539	355,304	22,092	95,911	44,468	157,519		70,195	744,687
Mississippi.....	62	483,345	1,096	484,441	7,796	185,646	59,845	45,590	117,860	305,362		305,362	789,707
Missouri.....	95	862,275	0	862,275	9,077	407,063	102,835	76,830	59,765	215,782		55,337	917,612
Montana.....	6	63,615	0	63,615	10,602	23,955	6,010	8,495	6,155	19,000		18,356	81,971
Nebraska.....	24	381,552	0	381,552	15,998	301,043	9,525	24,882	13,590	32,512		21,951	403,503
Nevada.....	3	29,100	0	29,100	9,700	6,300	0	8,300	2,800	11,700		1,310	30,410
New Hampshire.....	3	33,182	50	33,232	11,061	10,315	2,925	11,265	760	7,967		1,095	34,277
New Jersey.....	16	189,840	510	190,350	11,865	65,455	5,900	38,698	6,922	73,375		13,264	203,104
New Mexico.....	18	255,835	50	255,885	14,213	83,008	29,000	53,210	66,317	23,843		279,678	279,678
New York.....	11	93,230	0	93,230	8,475	38,635	3,175	19,654	7,025	24,741		19,473	112,703
North Carolina.....	98	962,319	1,400	963,719	9,820	331,717	146,350	151,850	139,020	194,782		154,738	1,117,057
North Dakota.....	32	502,385	165	502,550	15,700	10,070	30,320	66,210	60,380	49,950		56,647	559,032
Ohio.....	31	326,425	25	326,450	10,530	147,315	43,155	20,000	20,000	85,266		24,906	351,331
Oklahoma.....	19	233,486	0	233,486	12,289	159,433	10,747	21,606	30,157	11,543		153,059	386,545
Oregon.....	14	196,775	0	196,775	14,095	51,455	10,330	22,130	25,552	87,608		29,225	226,000
Pennsylvania.....	17	157,589	30	157,619	9,270	96,952	6,311	17,062	6,149	31,145		21,535	179,124
Rhode Island.....	0	0	0	0	0	0	0	0	0	0		0	0
South Carolina.....	37	320,615	3,810	324,425	8,665	168,850	30,060	18,135	55,060	52,320		48,620	369,235
South Dakota.....	31	481,299	70	481,369	15,526	403,514	3,215	41,599	21,921	11,120		8,080	489,379
Tennessee.....	50	454,730	70	454,800	9,095	191,369	43,343	54,902	61,391	103,775		46,251	500,981
Texas.....	55	606,910	3,995	700,815	12,671	411,520	39,888	62,850	115,550	71,007		203,663	900,573
Utah.....	16	182,560	0	182,560	12,035	72,200	1,830	11,737	38,938	67,855		14,439	236,999
Vermont.....	12	116,670	0	116,670	9,722	59,803	4,590	11,150	4,685	36,502		14,041	130,711
Virginia.....	20	241,345	50	241,395	12,067	152,940	22,865	22,872	29,118	13,600		49,950	291,295
Washington.....	61	969,060	0	969,060	15,886	63,773	238,735	167,775	341,080	157,697		14,227	983,287
West Virginia.....	43	407,387	300	407,687	9,474	177,076	48,795	50,947	35,739	95,130		43,778	451,165
Wisconsin.....	35	396,745	880	397,625	11,336	249,780	15,785	73,035	13,175	45,850		61,615	458,360
Wyoming.....	21	275,815	545	276,360	13,134	133,010	18,105	35,430	51,815	38,000		24,737	300,552
Alaska.....	0	0	0	0	0	0	0	0	0	0		0	0
Hawaii.....	0	0	0	0	0	0	0	0	0	0		0	0
Puerto Rico.....	2	19,117	0	19,117	9,558	11,032	0	0	8,085	0		41,354	60,471
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0		0	0

Note: This table covers the loans made to Tenant Purchase, Farm Encumbrance, and Farm Development borrowers.

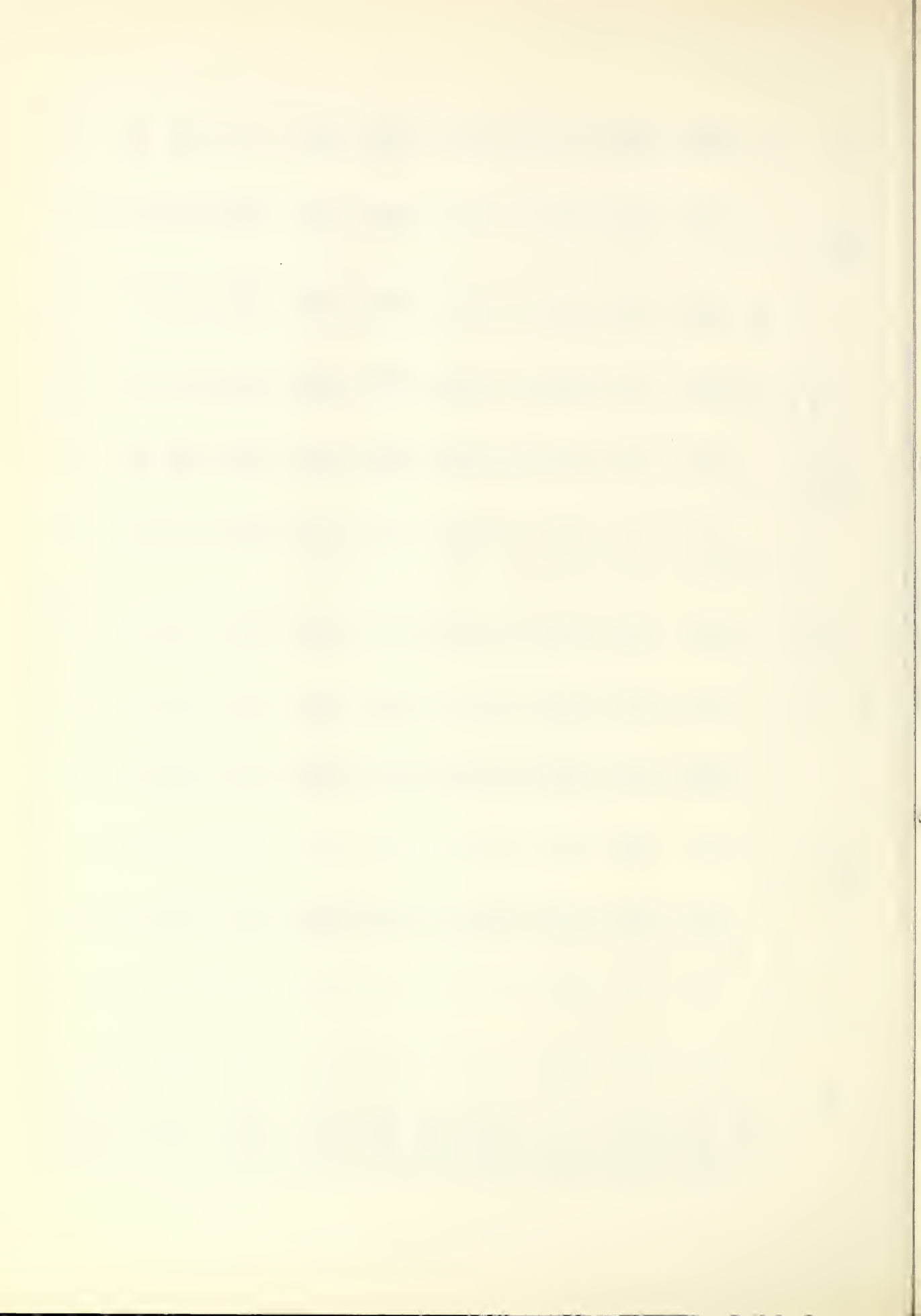


Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers, Amount of Insured Commitments, Including Estimated Amount Furnished by the Borrower, 1953 Fiscal Year

State and territory	Loans to new borrowers												
	Number	Amount of funds			Average amount of loan	Use of funds				Refinancing	Amount of loans to prior year borrowers	Total amount of loans	
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, repair				
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total:													
Percent distribution...	1,049	\$10,512,765	\$473,011	100.0%	\$10,022	\$4,584,777	\$865,362	\$1,402,323	\$1,357,610	\$2,775,704	\$176,462	\$10,689,227	
Alabama.....	38	266,220	9,270	275,490	7,006	90,165	20,750	23,000	82,885	58,690	0	266,220	
Arizona.....	3	38,822	0	42,380	12,940	13,720	6,300	1,400	9,000	11,960	0	38,822	
Arkansas.....	6	43,810	0	43,810	7,302	11,717	7,810	3,635	9,948	10,700	1,561	45,371	
California.....	0	0	0	0	0	0	0	0	0	0	0	0	
Colorado.....	22	283,466	8,278	291,744	12,885	90,384	29,505	21,919	52,575	97,361	0	283,466	
Connecticut.....	3	29,490	1,280	30,770	9,830	9,338	3,760	3,405	950	13,317	2,818	32,308	
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	
Florida.....	17	162,598	5,202	167,800	9,565	52,816	19,584	20,945	36,385	38,070	0	162,598	
Georgia.....	92	801,450	25,660	827,110	8,711	220,824	133,090	87,280	195,395	190,521	29,984	831,434	
Idaho.....	0	0	0	0	0	0	0	0	0	0	0	0	
Illinois.....	3	34,025	0	34,025	11,342	10,745	5,475	1,831	1,474	14,500	0	34,025	
Indiana.....	10	128,700	2,800	131,500	12,870	48,080	7,010	11,605	5,055	58,590	11,711	140,411	
Iowa.....	22	314,580	33,212	347,792	14,299	260,462	11,670	18,735	13,375	43,550	5,900	320,480	
Kansas.....	24	290,410	12,107	302,517	12,100	220,792	24,434	38,806	23,790	94,695	0	290,410	
Kentucky.....	48	538,945	18,840	557,785	11,228	198,545	61,865	74,515	65,455	157,405	0	538,945	
Louisiana.....	28	226,705	7,085	233,790	8,097	66,772	42,685	18,160	52,845	53,328	13,820	240,525	
Maine.....	45	360,090	18,147	378,237	8,002	126,580	6,540	116,540	28,870	99,707	5,485	365,575	
Maryland.....	3	21,950	1,825	23,775	7,317	15,885	1,180	260	2,150	4,300	0	21,950	
Massachusetts.....	3	35,440	1,490	36,930	11,813	13,325	1,395	5,420	1,590	15,200	0	35,440	
Michigan.....	32	383,630	18,565	402,195	11,988	215,000	15,085	40,240	35,200	96,670	0	383,630	
Minnesota.....	24	246,060	17,775	263,835	10,252	150,901	7,375	34,208	13,483	57,868	3,255	249,315	
Mississippi.....	44	275,330	7,589	282,919	6,258	83,755	43,450	28,790	65,605	61,319	7,166	282,496	
Missouri.....	90	729,308	25,407	754,715	8,103	239,290	102,790	85,125	68,105	259,405	11,772	741,080	
Montana.....	6	71,050	310	71,360	11,842	11,685	7,015	7,820	16,755	28,085	0	71,050	
Nebraska.....	14	196,336	13,344	209,680	14,024	122,608	7,320	16,395	12,995	50,362	0	196,336	
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0	
New Hampshire.....	3	22,450	1,100	23,550	7,483	6,625	1,400	9,455	640	5,430	0	22,450	
New Jersey.....	8	100,359	1,700	102,059	12,545	15,820	2,200	34,850	7,650	41,539	0	100,359	
New Mexico.....	2	30,150	600	30,750	15,075	140	8,860	1,000	1,750	19,000	0	30,150	
New York.....	12	111,726	6,828	118,554	9,311	60,334	3,070	21,503	11,680	21,967	4,195	115,921	
North Carolina.....	39	352,196	6,177	358,373	9,031	105,180	43,813	53,100	55,840	100,440	17,280	369,476	
North Dakota.....	63	887,476	43,511	930,987	14,087	483,650	20,980	117,925	152,625	155,807	19,311	906,787	
Ohio.....	17	184,777	10,803	195,580	10,869	78,775	19,860	19,040	11,540	66,365	0	184,777	
Oklahoma.....	34	365,726	15,906	381,632	10,757	164,505	9,820	41,858	58,522	106,927	5,875	371,601	
Oregon.....	3	42,635	0	42,635	14,212	300	6,305	4,050	6,685	25,295	0	42,635	
Pennsylvania.....	20	182,651	10,133	192,784	9,133	84,698	8,243	30,903	12,823	56,117	3,545	186,196	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	42	328,871	13,229	342,100	7,830	141,656	36,420	28,310	67,375	68,339	2,100	330,971	
South Dakota.....	33	448,224	32,147	480,371	13,583	331,535	2,691	48,394	20,328	77,423	0	448,224	
Tennessee.....	13	104,825	3,750	108,575	8,063	19,210	12,135	13,857	17,365	46,008	0	104,825	
Texas.....	7	65,235	1,005	66,240	9,319	35,075	2,375	10,050	4,175	14,565	0	65,235	
Utah.....	0	0	0	0	0	0	0	0	0	0	0	0	
Vermont.....	12	97,505	5,590	103,095	8,125	52,465	5,710	10,635	3,050	31,225	0	97,505	
Virginia.....	39	412,199	15,643	427,842	10,569	165,400	48,132	61,900	64,430	87,980	2,765	414,564	
Washington.....	12	148,375	2,660	151,035	12,365	24,700	23,765	22,704	7,060	72,806	0	148,375	
West Virginia.....	3	16,585	175	16,760	5,598	6,885	2,120	3,730	2,100	1,925	6,205	22,790	
Wisconsin.....	106	1,091,084	65,096	1,156,180	10,293	602,825	38,745	201,470	54,057	259,083	21,714	1,112,798	
Wyoming.....	1	16,050	1,800	17,850	16,050	15,050	480	1,840	480	1,925	0	16,050	
Alaska.....	1	7,000	0	7,000	7,000	0	2,000	3,500	0	1,500	0	7,000	
Hawaii.....	2	18,251	3,424	21,675	9,126	16,560	150	2,215	2,750	0	0	18,251	
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers by private lenders, which are insured by the Government.

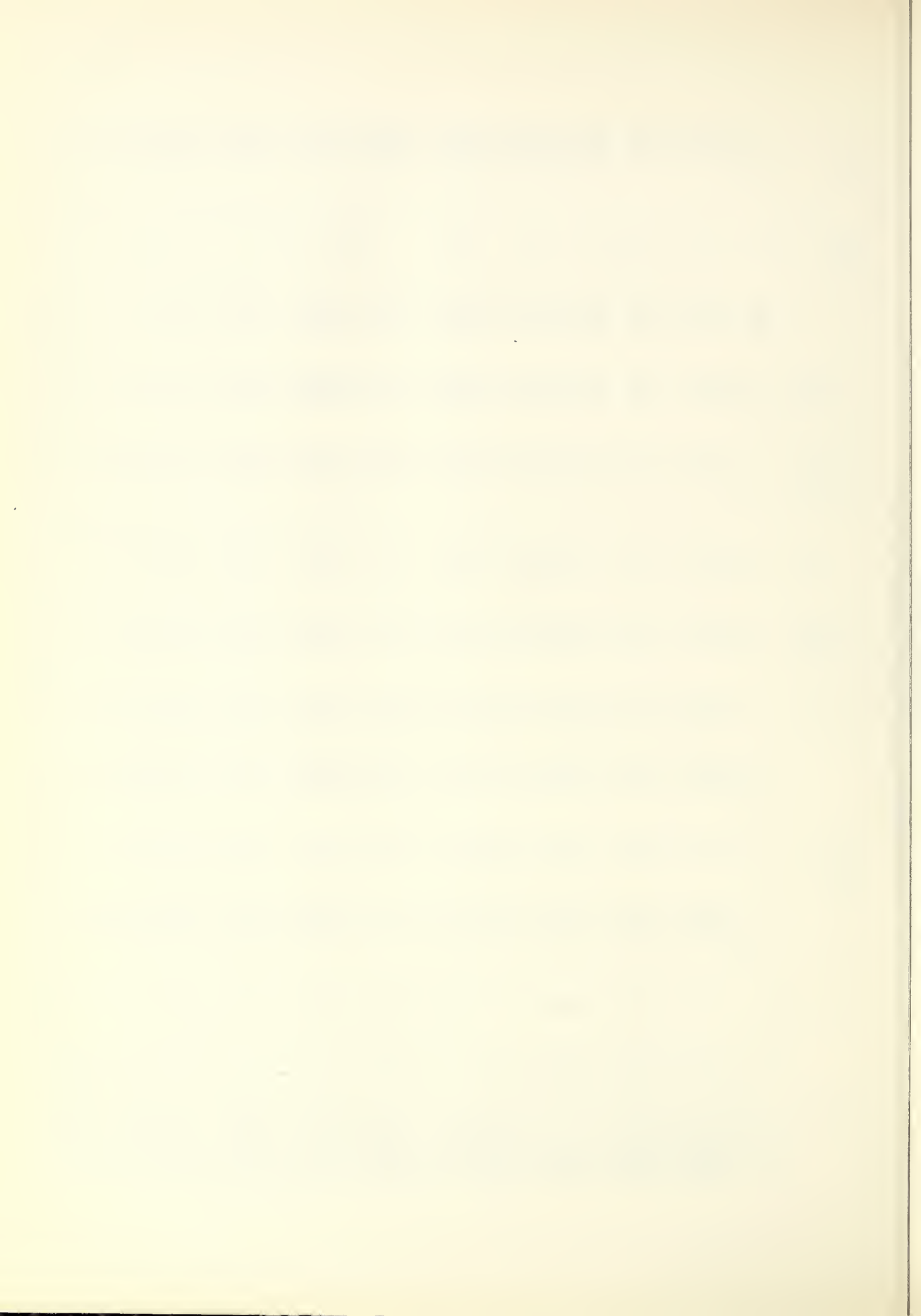


Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1953

State and territory	Total number of borrowers	Borrowers paid in full				Borrowers with unpaid balance as of March 31, 1953							
		Total amount loaned	Number	Total	Payments		Number	Scheduled installments	Total	Payments		Extra payments and refunds	
					Principal $\frac{1}{2}$	Interest $\frac{2}{2}$				Regular and advance payments made on scheduled installments	Amount		As percent of schedule
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total.....	67,037	\$124,217,390	32,709	\$212,280,486	\$103,530,430	\$28,750,056	34,328	\$64,327,859	\$86,169,266	\$76,575,062	119	\$9,594,204	
Alabama.....	4,677	22,226,658	2,464	11,576,006	10,003,433	1,572,573	2,213	3,371,602	4,584,259	3,708,155	110	876,104	
Arizona.....	1,107	1,248,321	38	433,677	377,272	56,605	69	170,713	192,898	191,328	112	1,570	
Arkansas.....	4,091	19,152,266	1,942	9,676,722	8,254,844	1,421,878	2,149	3,281,417	4,890,841	3,571,576	109	479,265	
California.....	4,422	4,141,677	240	2,516,186	2,179,334	336,852	182	488,227	627,942	571,775	117	56,167	
Colorado.....	510	4,804,263	287	2,671,361	2,350,450	320,911	223	536,159	643,698	616,568	115	27,130	
Connecticut.....	41	410,234	18	187,287	167,595	19,692	23	62,719	68,867	66,626	106	2,241	
Delaware.....	81	535,117	42	305,737	265,353	40,384	39	79,650	114,804	93,031	117	21,723	
Florida.....	691	3,870,577	311	1,584,305	1,372,871	211,434	380	459,742	622,071	498,639	108	123,232	
Georgia.....	5,507	24,694,003	2,818	12,737,447	10,917,556	1,819,891	2,689	3,973,744	5,691,907	4,335,189	109	1,346,718	
Idaho.....	633	5,870,815	175	1,456,653	1,272,375	186,278	456	690,592	811,067	760,192	110	50,875	
Illinois.....	967	8,991,078	540	5,743,260	4,927,484	815,776	427	1,369,946	1,945,458	1,847,894	135	97,574	
Indiana.....	940	8,466,821	450	4,311,251	3,755,093	556,158	490	1,316,324	1,919,380	1,829,558	134	89,822	
Iowa.....	1,204	12,876,812	667	6,856,476	5,925,004	931,472	617	1,589,233	2,190,058	2,127,388	130	62,670	
Kansas.....	1,217	11,186,053	532	5,190,603	4,518,695	671,918	685	1,680,344	2,210,913	2,121,723	126	89,190	
Kentucky.....	1,222	9,042,078	785	6,284,725	5,459,831	824,894	437	1,098,494	1,649,150	1,569,165	143	79,725	
Louisiana.....	2,245	12,534,047	895	5,455,777	4,620,691	835,086	1,350	2,532,681	3,388,866	3,005,629	119	393,237	
Maine.....	212	1,339,066	64	371,010	330,659	40,351	148	216,235	294,996	268,169	124	26,827	
Maryland.....	323	2,497,216	125	1,053,535	905,995	147,540	198	411,539	584,005	463,034	113	120,971	
Massachusetts.....	86	742,299	32	263,292	232,292	30,913	54	122,019	160,102	117,033	96	43,069	
Michigan.....	936	6,197,414	465	2,914,482	2,515,286	399,196	471	1,043,542	1,326,084	1,236,500	118	89,584	
Minnesota.....	2,522	14,726,275	1,261	7,599,514	6,615,842	983,672	1,261	2,061,294	2,810,741	2,693,894	131	116,847	
Mississippi.....	4,904	17,912,915	1,783	9,968,960	8,044,023	1,924,937	3,201	5,598,971	6,862,105	5,776,893	103	1,095,212	
Missouri.....	2,943	18,899,096	1,302	8,342,900	7,217,147	1,125,753	1,641	2,818,064	3,668,232	3,513,750	125	154,482	
Montana.....	642	4,643,556	308	2,292,984	1,921,198	305,786	334	749,459	880,118	838,735	112	41,383	
Nebraska.....	908	9,486,046	516	5,755,639	5,075,455	680,184	392	943,714	1,271,689	1,245,867	132	25,822	
Nevada.....	44	466,847	9	83,193	74,189	9,004	35	73,459	71,372	59,412	81	11,960	
New Hampshire.....	41	261,021	16	101,649	87,892	13,797	25	42,928	42,927	37,093	86	5,864	
New Jersey.....	242	2,294,655	73	679,280	590,876	88,404	169	375,249	471,553	410,529	109	61,024	
New Mexico.....	276	2,808,397	124	1,199,453	1,059,566	139,887	152	315,180	379,991	366,088	116	13,903	
New York.....	752	4,808,630	330	2,213,699	1,924,750	288,949	422	819,359	1,060,768	884,272	108	176,496	
North Carolina.....	3,870	19,573,097	2,177	11,229,678	9,790,087	1,439,591	1,693	2,518,841	3,761,637	3,248,223	129	513,414	
North Dakota.....	806	6,503,845	412	3,172,034	2,821,753	350,281	394	839,407	1,114,015	1,072,807	128	41,208	
Ohio.....	1,160	9,250,154	589	5,072,304	4,402,002	670,302	571	1,387,153	1,884,448	1,743,179	126	141,269	
Oklahoma.....	3,278	20,696,890	1,758	11,106,773	9,630,645	1,476,128	1,520	3,090,545	4,247,044	3,831,282	124	416,362	
Oregon.....	549	4,208,044	314	2,012,249	1,763,407	248,842	235	444,936	517,862	486,126	109	31,736	
Pennsylvania.....	964	6,144,501	394	2,825,903	2,431,003	394,900	570	989,784	1,333,776	1,185,194	120	148,582	
Rhode Island.....	5	40,198	2	12,434	10,297	2,137	7,951	6,991	7,372	7,372	105	579	
South Carolina.....	2,775	12,921,369	1,357	6,698,524	5,718,749	939,775	1,418	2,479,505	3,475,756	2,714,588	109	761,168	
South Dakota.....	717	6,336,171	412	3,531,044	3,093,095	437,949	305	686,077	881,166	860,222	137	20,944	
Tennessee.....	2,205	13,046,322	1,151	7,166,781	6,169,007	977,774	1,054	1,984,986	2,826,021	2,565,568	129	260,453	
Texas.....	5,188	41,051,521	2,895	24,431,806	21,109,332	3,322,474	2,293	5,820,318	8,100,104	7,407,621	127	692,483	
Utah.....	349	3,494,567	66	1,417,390	1,248,347	169,043	283	609,675	651,232	595,108	98	56,124	
Vermont.....	168	1,135,991	63	422,397	369,305	52,092	105	193,818	282,569	253,019	79	29,550	
Virginia.....	1,154	6,983,338	636	3,822,647	3,311,031	511,616	518	1,019,469	1,283,207	1,195,509	124	232,302	
Washington.....	487	4,632,854	187	1,451,314	1,271,948	179,366	300	511,492	643,595	600,376	117	43,619	
West Virginia.....	644	3,556,222	262	1,414,739	1,212,888	201,911	382	595,668	808,308	695,609	117	112,699	
Wisconsin.....	1,811	9,604,170	961	4,892,471	4,306,982	585,489	890	1,320,701	1,817,644	1,721,704	130	95,940	
Wyoming.....	275	2,995,469	79	666,332	584,227	82,105	156	359,895	360,048	341,048	103	19,600	
Alaska.....	9	88,025	0	0	0	0	0	0	0	0	68	73	
Hawaii.....	259	1,684,905	151	997,038	862,890	134,148	108	224,404	265,716	186,932	83	18,804	
Puerto Rico.....	814	4,281,600	231	1,463,952	1,229,494	234,458	593	1,024,639	1,253,557	1,096,329	103	197,268	
Virgin Islands.....	4	14,324	0	0	0	0	4	2,123	3,252	3,252	153	0	

Note: Covers all Tenant Purchase, Farm Enlargement, and Farm Development loans from Federal funds and non-cash advances on rural rehabilitation project liquidation farms. Paid-up borrowers include those paid through repossession, debt settlement, etc.

1/ Includes write-offs in the amount of \$950,990 and judgments in the amount of \$299,614.

2/ Includes write-offs in the amount of \$81,806 and judgments in the amount of \$28,918.



Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned, and Payments,
Cumulative Through March 31, 1953

State and territory	Total number of borrowers	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1953						
		Total amount insured	Number	Payments			Number	Scheduled installments	Total	Payments			
				Principal	Interest					Amount	As percent of schedule		
					On amount loaned by private lenders	Mortgage insurance charges							
1	2	3	4	5	6	7	8	9	10	11	12	13	
U. S. Total.....	7,471	\$60,671,673	442	\$3,314,812	\$3,055,758	\$180,041	\$78,413	7,029	\$6,609,696	\$7,917,262	\$7,334,471	111	\$582,791
Alabama.....	163	1,015,151	8	41,295	38,640	1,845	800	155	124,135	149,522	134,252	108	15,270
Arizona.....	8	93,245	0	0	0	0	0	8	10,207	12,118	11,652	114	466
Arkansas.....	193	1,080,478	21	110,364	103,920	4,554	1,890	172	99,919	118,918	107,549	108	11,369
California.....	23	235,492	1	10,085	10,085	642	2,448	22	24,471	28,250	5,292	94	5,292
Colorado.....	149	1,707,628	8	81,135	72,895	5,792	2,448	141	121,459	127,467	122,007	90	5,460
Connecticut.....	3	30,900	0	0	0	0	0	3	1,651	2,233	2,133	129	100
Delaware.....	6	43,280	2	13,271	12,300	640	331	4	3,541	4,509	3,789	107	720
Florida.....	47	355,608	0	0	0	0	0	47	34,782	37,738	2,845	100	2,845
Georgia.....	410	2,493,475	35	174,923	159,446	10,737	4,740	375	242,544	262,306	262,502	108	59,502
Idaho.....	86	793,497	4	36,937	35,025	1,299	613	82	92,354	94,768	90,033	97	4,735
Illinois.....	80	647,513	6	44,719	41,130	2,419	1,170	74	84,296	95,107	92,128	109	2,979
Indiana.....	191	2,064,436	13	125,435	117,718	7,168	3,489	178	193,988	211,378	218,163	112	23,215
Iowa.....	273	2,749,286	14	127,807	117,540	7,344	2,879	259	332,769	379,172	379,172	114	5,910
Kansas.....	332	3,276,520	25	248,096	223,962	16,866	7,268	307	416,814	472,949	432,368	113	23,368
Kentucky.....	75	733,983	2	23,442	21,136	1,547	459	73	61,142	69,333	81,846	134	7,487
Louisiana.....	140	1,052,840	5	31,920	30,290	1,163	767	135	78,673	92,785	85,657	109	7,128
Maine.....	104	735,865	1	8,743	8,500	68	68	103	50,755	56,990	53,196	105	3,794
Maryland.....	51	390,559	2	17,440	16,515	625	300	49	55,063	71,786	63,828	116	7,957
Massachusetts.....	8	76,448	1	11,104	10,191	662	251	7	2,244	3,148	7,848	108	300
Michigan.....	266	2,329,177	7	63,733	58,274	3,988	1,531	259	282,405	326,899	297,628	105	29,271
Minnesota.....	354	2,733,481	27	190,432	173,020	12,246	5,166	327	391,521	445,581	421,039	108	24,542
Mississippi.....	298	1,691,321	11	57,481	53,050	2,987	1,444	287	137,259	163,488	152,474	111	11,013
Missouri.....	603	4,110,675	38	232,955	215,270	6,306	2,302	565	495,578	560,584	525,422	106	35,162
Montana.....	59	665,148	2	22,918	21,930	613	375	57	78,636	92,590	85,072	120	7,518
Nebraska.....	154	1,716,785	2	23,102	21,150	1,450	502	152	190,146	234,195	228,493	120	5,702
Nevada.....	1	12,600	0	0	0	0	0	1	695	54	24	3	30
New Hampshire.....	7	57,447	0	0	0	0	0	7	4,260	3,814	3,814	90	0
New Jersey.....	70	698,680	3	28,271	26,136	1,497	638	67	79,913	90,512	83,867	105	6,645
New Mexico.....	35	371,900	3	32,665	30,750	1,325	590	32	32,146	37,282	35,627	105	3,665
New York.....	100	710,591	6	41,690	38,607	2,173	910	94	81,927	101,660	80,875	99	21,085
North Carolina.....	360	2,109,147	28	156,746	145,600	7,614	3,532	332	238,544	320,262	288,027	121	32,235
North Dakota.....	209	1,100,793	11	101,601	93,870	5,415	2,116	108	208,490	243,575	243,575	117	18,208
Ohio.....	149	1,293,295	7	30,315	28,015	1,911	1,324	142	130,091	159,963	149,268	115	10,695
Oklahoma.....	220	1,973,012	10	139,672	128,904	7,394	3,711	201	192,882	223,907	204,236	106	21,671
Oregon.....	62	618,555	7	68,626	64,505	3,103	1,218	55	73,906	73,925	73,925	100	27
Pennsylvania.....	269	1,849,604	15	108,026	98,376	6,771	2,879	254	187,124	229,409	200,423	107	28,986
Rhode Island.....	0	1,058,106	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	164	976,580	5	27,990	26,666	933	391	159	92,782	119,874	107,698	116	12,176
South Dakota.....	194	1,130,590	8	88,049	80,743	4,877	2,429	186	212,600	226,121	223,437	105	2,684
Tennessee.....	141	994,358	7	43,139	40,251	2,403	1,085	134	95,095	115,511	106,115	112	9,396
Texas.....	415	3,746,450	33	324,490	304,661	13,950	5,879	382	491,405	644,149	592,183	120	51,966
Utah.....	31	514,615	0	0	0	0	0	31	46,598	47,565	47,450	102	115
Vermont.....	14	975,380	7	49,539	46,530	2,074	935	108	88,567	7,718	7,718	108	18
Virginia.....	115	976,592	7	20,656	18,675	1,409	572	69	89,279	93,237	93,647	105	28,125
Washington.....	71	761,048	2	33,975	31,425	1,770	780	54	33,866	38,862	37,007	109	1,590
West Virginia.....	60	379,167	6	289,598	264,634	13,748	6,016	626	593,655	683,356	655,482	116	27,874
Wisconsin.....	663	5,033,775	37	8,714	8,500	130	84	15	21,458	25,555	24,543	114	1,412
Wyoming.....	16	173,350	1	0	0	0	0	0	0	0	0	0	0
Alaska.....	0	254,456	2	20,865	19,334	1,112	419	0	25,834	26,495	25,307	98	1,188
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0



Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned, and Payments,
Cumulative Through March 31, 1953

State and territory	Total number of borrowers	Total amount insured	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1953					
			Number	Total	Principal	Interest		Number	Scheduled installments	Total	Payments		
						On amount loaned by private lenders	Mortgage insurance charges				Regular payments made on scheduled installments	Extra payments and refunds	
													As percent of schedule
1	2	3	4	5	6	7	8	9	10	11	12	13	
U. S. Total.....	7,471	\$60,671,673	442	\$3,314,812	\$3,055,758	\$180,641	\$78,413	7,029	\$6,609,696	\$7,917,262	\$7,334,471	111	\$582,791
Alabama.....	163	1,015,151	8	41,295	38,640	1,845	800	155	124,135	149,522	134,252	108	15,270
Arizona.....	8	93,245	0	0	0	0	0	8	10,207	12,118	11,652	114	466
Arkansas.....	193	1,080,478	21	110,364	103,920	4,554	1,890	172	99,919	118,918	107,549	108	11,369
California.....	23	235,492	1	10,972	10,085	642	244	22	24,471	28,250	22,958	94	5,292
Colorado.....	149	1,707,628	8	81,135	72,895	5,792	2,448	141	121,459	127,467	122,007	100	5,460
Connecticut.....	3	30,900	0	0	0	0	0	3	1,651	2,233	2,133	129	100
Delaware.....	6	43,280	0	13,271	12,300	640	331	4	3,541	4,509	3,789	107	720
Florida.....	47	355,608	0	0	0	0	0	47	34,782	37,784	34,893	100	2,845
Georgia.....	410	2,493,475	35	174,923	159,446	10,737	4,740	375	242,544	262,804	262,804	108	59,502
Idaho.....	86	793,497	4	36,937	35,025	1,299	613	82	92,354	94,768	90,033	97	4,735
Illinois.....	80	647,513	6	44,719	41,130	2,419	1,170	74	84,296	95,107	92,128	109	2,979
Indiana.....	191	2,064,436	13	125,435	114,778	7,168	3,489	178	193,988	241,378	216,163	112	23,215
Iowa.....	273	2,749,286	14	127,807	117,584	7,344	2,879	259	332,769	395,082	379,172	114	5,910
Kansas.....	332	3,276,520	25	248,096	223,962	16,866	7,268	307	416,814	496,317	472,949	113	23,368
Kentucky.....	75	733,983	2	23,442	21,136	1,547	759	73	61,142	89,333	81,846	134	7,487
Louisiana.....	140	1,052,840	5	31,920	30,290	1,163	467	135	78,673	92,785	85,657	109	7,128
Maine.....	104	735,865	1	8,743	8,500	175	68	103	56,990	56,990	56,990	109	3,794
Maryland.....	51	390,559	2	17,440	16,515	625	300	49	55,063	71,785	63,828	112	7,957
Massachusetts.....	8	76,448	1	11,104	10,191	662	251	7	7,244	8,148	7,848	108	300
Michigan.....	266	2,329,177	7	63,733	58,274	3,928	1,531	259	282,405	326,899	297,628	105	29,271
Minnesota.....	354	2,733,481	27	190,432	173,020	12,246	5,166	327	391,521	445,581	421,039	108	24,542
Mississippi.....	298	1,691,321	11	57,481	53,050	2,987	1,444	287	137,259	163,488	152,472	111	11,013
Missouri.....	603	4,110,675	38	254,531	232,955	15,270	6,306	565	495,578	560,584	525,422	106	35,162
Montana.....	59	665,148	2	22,918	21,930	613	375	57	78,636	92,590	85,072	108	7,518
Nebraska.....	154	1,716,785	2	23,102	21,150	1,450	502	152	190,146	234,195	228,493	120	5,702
Nevada.....	1	12,600	0	0	0	0	0	1	695	54	24	3	30
New Hampshire.....	7	57,447	0	0	0	0	0	7	4,260	3,814	3,814	90	0
New Jersey.....	70	698,620	3	28,271	26,136	1,497	638	67	79,913	90,512	83,867	105	6,645
New Mexico.....	35	374,900	3	32,665	30,750	1,325	590	32	32,316	39,292	35,627	110	3,665
New York.....	100	716,591	6	41,690	38,607	2,173	910	94	81,927	101,960	80,875	99	21,085
North Carolina.....	360	2,199,147	28	156,746	145,600	7,614	3,532	332	238,544	320,262	288,027	121	32,235
North Dakota.....	209	2,100,793	11	101,601	93,870	5,415	2,316	198	208,490	261,823	243,575	117	18,248
Ohio.....	149	1,328,286	7	50,110	46,015	2,971	1,324	142	130,001	159,963	149,268	115	10,695
Oklahoma.....	220	1,973,912	19	139,672	128,904	7,394	3,374	201	192,852	225,907	204,236	106	21,671
Oregon.....	62	618,555	7	68,626	64,305	3,103	1,218	55	73,906	73,925	73,898	100	27
Pennsylvania.....	269	1,849,604	15	108,026	98,376	6,771	2,879	254	187,124	229,409	200,423	107	28,986
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	164	1,058,106	5	27,990	26,666	933	391	159	92,782	119,874	107,698	116	12,176
South Dakota.....	104	2,130,580	8	88,049	80,743	4,877	2,423	182	212,640	226,121	223,437	105	2,684
Tennessee.....	141	994,338	7	43,739	40,251	2,403	1,085	134	95,095	115,511	106,115	112	9,396
Texas.....	445	3,746,450	33	324,490	304,661	13,950	5,879	382	491,405	644,149	592,183	120	51,966
Utah.....	31	314,615	0	0	0	0	0	31	16,595	17,565	17,455	102	115
Vermont.....	14	95,580	0	0	0	0	0	11	7,160	7,716	7,718	108	18
Virginia.....	115	976,992	7	49,539	46,530	2,074	935	108	88,567	121,389	93,264	105	28,125
Washington.....	71	761,048	2	20,656	18,675	1,469	572	69	89,279	95,237	93,647	105	1,590
West Virginia.....	60	379,167	6	33,975	31,425	1,770	780	54	33,866	38,862	37,007	109	1,855
Wisconsin.....	663	5,033,775	37	249,393	220,634	13,748	6,016	626	593,655	683,356	655,482	116	27,874
Wyoming.....	16	173,520	1	8,174	8,500	130	84	15	21,458	25,955	24,543	114	1,412
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	29	254,456	2	20,865	19,334	1,112	419	27	25,834	26,495	25,307	98	1,188
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers Tenant Purchase, Farm Enlargement, and Farm Development loans made by private lenders, which are insured by the Government. In addition to amount insured, this table covers small amounts advanced, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.



Table VII - Farm Housing: Funds Obligated and Furnished by Borrowers, and Use of Funds,
1953 Fiscal Year

State and territory	Loans and grants to new borrowers and persons receiving grants																						
	Amount of funds				Use of funds																		
	Number receiving assistance	Loans	Grants for minor improvements	Furnished by borrower	Total	Dwellings				Other farm buildings				Water system		Land enlargement and development			Amount of fees	Amount of loans to owners receiving prior assistance	Total amount of loans and grants		
						New		Repair		New		Repair		Number	Amount	Number	Amount	Number				Amount	Acres purchased
						Number	Amount	Number	Amount	Number	Amount	Number	Amount										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20				
U. S. Total.....	3,415	\$18,958,146	\$55,310	\$1,014,554	\$20,028,010	1,723	\$12,542,270	1,029	\$2,696,151	1,407	\$3,125,615	630	\$628,216	1,340	\$636,569	\$337,765	3,231	\$61,424	\$336,671	\$19,350,127			
Alabama.....	251	1,354,736	15,020	91,068	1,460,824	168	1,196,913	54	97,355	39	103,410	2	1,790	145	56,291	3,920	0	1,145	2,313	1,372,069			
Arizona.....	14	122,767	0	8,862	131,627	11	96,900	2	4,500	4	9,675	1	6,000	25	1,800	18,400	17	327	132	122,897			
Arkansas.....	202	699,995	2,285	18,750	720,030	69	448,016	71	108,991	73	81,772	19	6,800	110	27,659	43,828	844	3,964	14,932	717,212			
California.....	61	473,335	0	31,840	505,175	30	272,260	18	83,990	47	110,950	15	17,500	15	14,075	5,900	0	900	2,704	476,039			
Colorado.....	47	309,396	0	21,014	330,410	24	205,814	21	76,768	12	15,665	5	2,530	17	14,910	14,228	160	495	1,500	310,896			
Connecticut.....	9	56,970	0	7,115	64,085	0	0	0	0	9	64,010	0	0	0	0	0	0	75	0	56,970			
Delaware.....	62	406,310	500	24,365	431,175	38	301,835	0	62,520	16	59,800	4	1,400	10	4,800	0	0	740	1,853	408,663			
Florida.....	190	972,990	11,025	57,200	1,041,215	114	801,545	53	78,540	53	109,955	6	3,075	85	40,460	6,295	0	1,345	22,882	1,006,897			
Idaho.....	52	339,632	0	14,494	354,126	22	177,336	29	90,350	18	36,725	8	7,075	14	11,285	30,560	0	795	6,428	346,060			
Illinois.....	64	248,600	0	15,508	264,108	13	81,803	39	102,456	39	59,595	21	12,181	16	7,388	0	0	685	3,444	252,044			
Indiana.....	52	310,390	0	23,545	333,935	23	209,990	24	65,515	12	15,325	21	22,840	13	5,685	14,425	80	195	4,925	315,315			
Iowa.....	75	387,385	0	11,125	398,510	16	139,910	26	61,680	53	131,006	25	26,800	20	14,184	23,400	0	1,530	2,084	389,469			
Kansas.....	48	279,468	0	34,163	313,631	15	155,893	28	96,688	31	42,244	22	10,025	12	7,990	0	0	791	10,429	289,597			
Kentucky.....	122	715,040	500	32,833	748,373	57	482,676	31	91,805	78	122,890	14	12,365	65	28,468	4,785	0	5,424	6,255	721,795			
Louisiana.....	124	693,659	2,000	27,760	723,419	104	644,014	19	54,260	6	5,030	1	3,600	19	7,125	8,550	40	840	4,723	700,382			
Maine.....	45	186,710	500	4,335	191,545	3	16,200	32	14,805	26	113,560	44	32,655	10	11,250	1,800	14	1,275	18,523	205,733			
Maryland.....	32	194,315	0	11,632	205,947	9	82,675	13	31,295	38	75,410	18	11,820	10	2,810	0	0	1,317	6,770	201,085			
Massachusetts.....	5	21,095	0	0	21,095	0	0	0	0	2	11,190	5	7,490	0	2,100	0	0	315	0	21,095			
Michigan.....	62	310,085	0	9,850	319,935	12	112,865	38	121,595	31	42,780	29	35,850	13	5,080	1,170	0	595	11,954	322,039			
Minnesota.....	69	309,111	0	19,188	328,299	15	86,978	27	47,800	47	150,483	33	22,011	24	11,582	7,525	279	1,920	309,111				
Mississippi.....	277	1,173,720	11,395	57,124	1,242,239	186	976,510	64	101,695	42	101,540	3	1,280	136	52,630	5,100	0	3,494	17,650	1,202,765			
Missouri.....	186	799,704	245	37,651	837,600	82	481,200	54	110,340	92	166,215	37	20,785	88	38,455	17,455	285	3,240	802,514				
Montana.....	35	233,050	0	15,840	248,890	17	163,370	16	59,900	9	15,290	7	1,960	11	8,135	0	0	235	239,308				
Nebraska.....	39	208,960	0	13,368	222,328	10	91,718	23	81,245	22	32,585	25	9,725	8	4,765	1,995	0	295	1,800	210,760			
Nevada.....	4	31,600	0	800	32,400	3	24,300	1	6,000	1	1,000	1	1,000	0	0	0	0	100	31,612				
New Hampshire.....	4	18,950	0	0	18,950	1	7,325	1	695	3	9,080	0	0	1	1,500	250	0	100	18,950				
New Jersey.....	37	242,570	0	22,735	265,305	7	67,790	8	45,210	23	102,135	14	47,200	4	2,000	0	0	970	628	243,198			
New Mexico.....	43	283,195	0	3,605	286,800	21	164,925	13	31,735	23	38,400	11	3,915	17	12,705	33,300	660	1,820	958	284,053			
New York.....	27	196,055	0	1,000	197,055	3	29,600	4	13,281	15	78,900	19	66,297	1	650	6,050	0	2,277	6,601	202,856			
North Carolina.....	150	1,075,004	0	52,387	1,127,391	98	798,874	30	113,205	75	160,757	10	7,360	97	35,163	10,800	55	2,032	14,307	1,099,111			
North Dakota.....	47	325,526	0	28,769	354,295	20	197,802	14	72,133	23	73,175	5	2,175	13	8,375	0	0	635	10,593	336,119			
Ohio.....	49	223,440	500	7,654	231,644	11	102,464	23	37,952	22	44,850	32	31,735	7	2,990	9,405	0	2,248	4,210	228,200			
Oklahoma.....	121	759,705	0	16,951	776,656	67	520,749	22	79,265	65	135,671	11	9,710	58	28,850	0	0	2,411	17,981	777,606			
Oregon.....	26	169,750	0	15,975	185,725	10	97,820	9	36,230	14	44,157	3	3,100	3	3,255	0	0	1,123	7,951	177,701			
Pennsylvania.....	56	283,642	0	2,857	286,499	10	87,524	29	75,942	21	52,167	38	63,315	2	900	4,330	71	2,321	19,071	302,713			
Rhode Island.....	2	5,570	0	500	6,070	0	0	0	0	1	375	2	4,595	0	0	1,000	0	100	5,570				
South Carolina.....	94	690,075	0	78,025	768,100	75	605,810	12	64,970	11	33,300	22	2,900	49	20,310	0	0	3,004	653,079				
South Dakota.....	39	241,055	0	13,601	254,656	17	134,540	9	27,785	45	68,374	18	7,560	21	14,803	0	0	1,594	9,469	250,524			
Tennessee.....	106	632,316	0	29,730	662,046	72	507,886	15	43,355	43	63,375	7	6,620	63	39,025	1,500	0	285	1,014	633,330			
Texas.....	150	978,877	4,000	52,289	1,035,166	99	798,813	36	69,205	56	134,966	5	4,610	58	34,186	39,489	586	3,897	26,106	1,008,983			
Utah.....	31	225,899	0	11,678	237,568	17	155,203	10	56,005	15	26,147	5	1,072	3	2,050	0	0	100	800	226,699			
Vermont.....	3	15,980	0	5,835	21,815	0	0	0	0	3	17,065	4	4,655	0	0	0	0	95	2,300	18,280			
Virginia.....	64	465,282	0	31,083	496,365	39	357,935	20	72,260	22	41,040	7	3,100	38	21,105	0	0	685	14,770	480,052			
Washington.....	34	212,020	300	21,250	233,570	14	121,520	7	20,555	23	57,173	4	1,450	8	7,560	4,800	0	1,512	4,508	216,853			
West Virginia.....	36	288,609	0	6,318	294,927	12	118,567	17	71,550	25	85,038	13	6,625	20	8,085	3,000	0	1,262	4,470	293,079			
Wisconsin.....	55	269,075	0	7,155	276,230	5	116,070	21	47,635	48	63,770	35	63,770	18	9,750	5,025	140	1,970	21,033	297,073			
Wyoming.....	16	105,935	0	3,215	109,150	5	50,110	5	29,780	7	23,310	3	2,230	6	2,550	1,180	0	0	11,555	117,090			
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Hawaii.....	20	169,655	0	11,312	180,967	17	146,282	2	4,500	11	29,685	0	0	0	0	0	0	500	2,000	171,655			
Puerto Rico.....	68	283,500	7,040	16,900	297,440	40	234,450	24	31,940	7	9,400	3	2,800	9	3,850	5,000	0	0	1,626	272,166			
Virgin Islands.....	2	16,500	0	300	16,800	1	3,600	1	1,500	6	2,100	13	8,600	0	0	1,200	0	0	0	16,500			

Table VIII - Farm Housing: Number of Borrowers and Persons Receiving Grants, and Average Amount of Loans and Grants, 1953 Fiscal Year and Cumulative From 1950

State and territory	1953 fiscal year 1/										1950, 1951, 1952 and 1953 fiscal years 2/									
	Section 502 loans			Section 504 loans and grants							Section 503 loans			Section 504 loans and grants						
	Loans without grants			Loans with grants			Grants only				Loans without grants			Loans with grants			Grants only			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
U. S. Total.....	3,137	\$5,764	131	\$5,999	25	\$358	10	\$870	112	\$461	15,270	\$5,072	766	\$4,893	157	\$327	108	\$932	681	\$466
Alabama.....	217	6,190	1	11,000	0	0	1	500	32	469	869	5,598	10	4,474	7	785	9	797	80	481
Arizona.....	12	8,230	0	12,000	0	0	0	0	0	0	85	7,775	2	12,000	0	0	0	0	0	0
Arkansas.....	166	3,717	16	4,417	13	943	0	0	7	326	726	3,291	62	3,982	36	930	9	933	72	389
California.....	60	7,757	1	7,500	0	0	0	0	0	0	382	5,749	15	5,815	1	1,000	0	0	0	0
Colorado.....	42	6,562	5	6,594	0	0	0	0	0	0	170	5,950	26	5,843	0	0	1	500	1	500
Connecticut.....	9	6,330	0	0	0	0	0	0	0	0	27	4,666	2	2,721	0	0	4	794	0	0
Delaware.....	0	0	0	0	0	0	0	0	0	0	5	5,258	0	7,444	0	0	0	0	0	0
Florida.....	61	6,661	0	5,234	0	0	1	850	21	477	308	5,518	11	4,128	3	988	4	901	3	492
Georgia.....	161	5,870	5	7,495	1	1,000	2	0	0	0	992	4,800	26	7,515	5	882	2	1,000	28	471
Idaho.....	44	6,356	8	7,495	0	0	0	0	0	0	270	6,066	28	7,515	5	882	2	1,000	2	500
Illinois.....	64	3,884	0	0	0	0	0	0	0	0	283	3,875	9	3,514	0	0	0	0	1	455
Indiana.....	47	6,088	4	5,888	1	700	0	0	0	0	255	4,937	16	4,669	4	745	0	0	0	0
Iowa.....	71	5,000	4	8,088	0	0	0	0	0	0	261	4,573	17	5,111	0	0	0	0	0	0
Kansas.....	48	5,822	0	4,722	0	0	0	0	0	0	241	5,158	8	3,654	0	0	0	0	1	500
Kentucky.....	117	5,950	4	4,722	0	0	0	0	1	500	353	5,292	14	4,388	0	0	3	998	6	488
Louisiana.....	117	5,755	3	6,600	0	0	1	1,000	3	500	540	5,142	15	5,700	12	938	4	1,000	15	497
Maine.....	42	4,239	2	4,335	0	0	0	0	1	500	214	3,839	15	5,156	0	0	2	1,000	15	500
Maryland.....	32	6,072	0	0	0	0	0	0	0	0	122	5,133	1	5,500	0	0	0	0	0	0
Massachusetts.....	3	5,453	2	2,368	0	0	0	0	0	0	13	5,506	6	3,827	0	0	0	0	0	0
Michigan.....	61	5,014	1	4,260	0	0	0	0	0	0	333	4,927	25	3,563	3	1,000	4	1,000	3	500
Minnesota.....	62	4,606	6	3,759	1	1,000	0	0	0	0	225	4,359	40	3,354	3	952	3	1,000	4	500
Mississippi.....	242	4,759	4	3,872	6	1,000	1	1,000	24	494	938	4,193	21	3,225	20	945	3	1,000	141	455
Missouri.....	174	4,307	11	4,584	0	0	0	0	1	245	730	3,641	52	4,362	5	907	3	1,000	9	330
Montana.....	34	6,025	0	0	1	1,000	0	0	0	0	158	5,917	2	3,400	2	1,000	1	1,000	0	0
Nebraska.....	35	5,491	4	4,198	0	0	0	0	0	0	304	4,472	35	4,242	0	0	0	0	1	500
Nevada.....	4	7,900	0	0	0	0	0	0	0	0	20	7,150	3	8,433	0	0	0	0	0	0
New Hampshire.....	3	4,650	1	5,000	0	0	0	0	0	0	7	4,344	3	3,020	0	0	2	882	0	0
New Jersey.....	37	6,556	0	0	0	0	0	0	0	0	125	5,183	0	8,112	0	0	0	0	0	0
New Mexico.....	36	6,258	7	8,271	0	0	0	0	0	0	192	5,323	15	8,112	0	0	0	0	1	500
New York.....	22	7,387	5	6,710	0	0	0	0	0	0	118	5,374	21	3,957	2	1,000	0	0	1	445
North Carolina.....	148	7,138	2	9,688	0	0	0	0	0	0	605	5,287	18	5,604	1	1,000	2	980	3	500
North Dakota.....	47	6,926	0	0	0	0	0	0	0	0	162	6,017	4	2,955	0	0	0	0	0	0
Ohio.....	40	4,880	8	3,475	0	0	1	1,000	0	0	166	4,590	14	3,456	0	0	1	1,000	5	484
Oklahoma.....	121	6,279	0	0	0	0	0	0	0	0	873	5,002	11	3,778	4	864	0	0	5	452
Oregon.....	26	6,529	0	0	0	0	0	0	0	0	177	6,613	15	6,234	3	1,000	0	0	0	0
Pennsylvania.....	53	5,149	3	3,587	0	0	0	0	0	0	312	4,329	26	4,486	3	933	7	936	2	500
Rhode Island.....	1	3,140	1	2,430	0	0	0	0	0	0	1	3,140	1	2,430	0	0	0	0	0	0
South Carolina.....	94	6,916	0	0	0	0	0	0	0	0	511	5,863	1	2,950	7	929	1	1,000	1	200
South Dakota.....	39	6,181	0	0	0	0	0	0	0	0	184	5,211	1	2,385	0	0	0	0	0	0
Tennessee.....	104	6,016	1	5,625	1	1,000	0	0	0	0	479	5,219	5	4,345	8	969	0	0	28	499
Texas.....	139	6,345	9	10,550	1	1,000	2	750	7	500	887	5,758	103	5,698	20	943	22	951	135	485
Utah.....	31	7,287	0	0	0	0	0	0	0	0	240	6,000	6	6,600	0	0	0	0	1	500
Vermont.....	3	3,327	0	0	0	0	0	0	0	0	12	4,110	4	3,738	0	0	0	0	0	0
Virginia.....	64	7,270	0	0	0	0	0	0	0	0	289	6,462	7	4,659	4	994	1	1,000	2	500
Washington.....	32	6,135	0	15,000	0	0	1	1,000	0	0	178	6,665	9	8,406	0	0	2	1,000	0	0
West Virginia.....	34	8,036	2	7,685	0	0	0	0	0	0	203	6,451	25	4,885	0	0	0	1,000	5	450
Wisconsin.....	50	4,742	5	6,400	0	0	0	0	0	0	238	4,502	16	4,754	0	0	1	1,000	2	500
Wyoming.....	15	6,710	1	5,280	0	0	0	0	0	0	129	5,633	3	4,125	1	800	0	0	0	0
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1,000	0	0	0	0
Hawaii.....	20	8,483	0	0	0	0	0	0	0	0	95	8,150	2	12,500	0	0	0	0	0	0
Puerto Rico.....	52	4,937	1	6,200	0	0	0	1,000	14	474	245	4,640	2	7,100	1	760	15	910	107	485
Virgin Islands.....	1	12,000	1	4,500	0	0	0	0	0	0	8	5,354	3	4,333	1	800	1	1,000	1	500

1/ Initial loans and grants only.

2/ Number of initial loans and grants; average amount based on initial and subsequent loans and grants.



Table IX - Farm Housing: Number of Borrowers, Amount Loaned, and Payments,
Cumulative Through January 31, 1953

State and territory	Total number of borrowers	Borrowers paid in full				Borrowers with unpaid balance as of January 31, 1953						
		Total amount loaned	Payments			Number	Scheduled installments	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds	
			Number	Total	Principal				Interest	Amount		As percent of schedule
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	15,623	\$77,649,846	912	\$3,570,202	\$3,438,055	\$140,147	14,711	\$6,313,189	\$7,999,992	\$7,012,404	111	\$987,576
Alabama.....	660	4,753,180	63	285,122	277,991	7,131	797	351,132	470,800	411,143	117	59,657
Arizona.....	84	576,833	10	53,620	51,440	2,180	74	40,280	48,830	44,505	111	4,225
Arkansas.....	793	2,536,586	42	121,155	116,697	4,458	756	175,582	250,249	216,792	123	33,457
California.....	383	2,214,382	32	148,682	141,595	7,087	351	180,739	205,442	184,269	102	21,173
Colorado.....	184	1,066,844	7	24,102	23,020	1,082	177	78,639	93,329	83,848	107	9,481
Connecticut.....	29	106,427	1	436	425	11	28	8,565	8,658	8,649	101	9
Delaware.....	5	26,290	1	9,451	8,750	701	4	893	893	893	102	0
Florida.....	303	1,678,998	14	67,083	64,859	2,224	289	129,915	159,806	141,430	109	17,368
Georgia.....	1,010	4,795,978	50	183,805	175,653	8,147	960	412,230	516,484	463,419	112	83,065
Idaho.....	283	1,727,953	16	66,066	63,564	2,502	267	163,896	184,436	171,165	104	13,271
Illinois.....	289	1,109,006	27	88,846	83,870	4,976	262	104,166	126,665	114,316	110	12,349
Indiana.....	268	1,289,722	28	100,680	96,700	3,950	240	99,113	122,618	107,487	108	15,131
Iowa.....	293	1,341,809	12	37,663	37,960	1,703	231	85,046	106,201	93,434	110	12,767
Kansas.....	236	1,185,616	15	59,979	57,767	2,212	221	91,979	102,047	93,103	101	8,944
Kentucky.....	351	1,829,404	13	70,865	66,942	3,923	338	132,513	181,331	149,110	113	32,221
Louisiana.....	551	2,771,940	20	84,796	81,670	3,126	531	253,492	321,493	294,000	116	27,493
Maine.....	219	849,269	16	38,020	36,745	1,275	203	82,369	96,925	84,461	103	12,464
Maryland.....	119	598,056	8	34,486	32,445	2,071	111	41,996	51,942	43,494	104	8,448
Massachusetts.....	18	91,458	0	0	0	0	18	6,397	6,248	6,498	102	1,750
Michigan.....	351	1,657,791	6	29,438	28,340	1,098	345	159,648	204,662	184,243	115	20,419
Minnesota.....	246	1,030,305	15	51,496	48,775	2,721	231	74,036	93,483	88,052	119	5,431
Mississippi.....	992	3,864,049	46	166,950	162,431	4,519	906	304,954	363,795	331,658	109	32,137
Missouri.....	756	2,736,295	51	129,696	125,409	4,287	705	202,077	256,702	226,352	112	30,350
Montana.....	148	825,452	11	60,644	58,545	2,099	137	70,269	82,102	75,450	107	6,582
Nebraska.....	327	1,451,685	23	79,144	76,762	2,382	304	131,352	154,731	137,223	104	17,508
Nevada.....	19	143,207	1	2,612	2,500	112	18	13,904	14,293	14,194	102	99
New Hampshire.....	9	26,520	0	0	0	0	9	1,623	2,513	2,186	135	327
New Jersey.....	119	617,250	6	20,803	19,460	1,343	113	43,216	46,721	45,630	106	1,091
New Mexico.....	183	1,020,509	16	50,564	48,065	2,499	167	85,058	111,545	96,414	113	15,131
New York.....	133	674,487	8	31,283	30,025	1,258	125	50,239	70,596	50,439	100	20,117
North Carolina.....	612	3,384,907	19	89,554	85,640	3,914	593	239,532	359,925	321,732	134	38,193
North Dakota.....	151	879,639	5	22,004	21,160	844	146	65,856	74,597	64,679	101	8,918
Ohio.....	127	751,425	16	41,288	39,155	2,133	151	58,954	70,281	64,595	104	8,776
Oklahoma.....	869	4,295,862	68	282,524	272,660	9,864	801	363,603	467,514	381,121	105	86,393
Oregon.....	189	1,228,504	9	52,349	50,324	2,025	180	101,822	126,700	110,383	108	16,317
Pennsylvania.....	333	1,390,811	26	64,032	60,562	3,470	307	114,580	136,218	125,693	110	10,535
Rhode Island.....	2	5,570	0	0	0	0	2	85	85	85	100	0
South Carolina.....	510	2,944,977	19	68,382	66,070	2,322	491	240,166	338,048	284,738	119	53,310
South Dakota.....	168	840,305	8	36,150	34,704	1,446	157	75,173	81,635	68,134	81	13,201
Tennessee.....	484	2,485,869	28	105,315	101,775	3,540	456	216,776	303,305	257,276	119	46,529
Texas.....	1,003	5,555,496	64	275,337	263,188	12,154	939	467,201	581,026	518,582	111	62,474
Utah.....	233	1,439,671	12	73,866	73,667	2,609	221	144,540	175,093	153,669	106	21,424
Vermont.....	15	59,075	1	1,886	1,735	91	14	3,271	3,271	3,271	121	0
Virginia.....	295	1,843,082	18	72,459	69,842	2,837	277	143,876	169,221	153,871	107	15,350
Washington.....	176	1,178,947	9	35,295	34,425	2,870	167	106,780	133,776	117,170	110	16,606
West Virginia.....	208	1,319,426	11	82,489	79,188	3,301	197	116,541	156,391	133,358	114	23,033
Wisconsin.....	230	1,005,599	11	41,246	39,550	1,696	219	85,265	99,471	91,152	107	8,329
Wyoming.....	128	699,820	12	59,951	56,975	2,976	116	62,608	70,043	63,445	101	6,596
Alaska.....	1	1,000	0	0	0	0	1	459	470	470	102	0
Hawaii.....	86	701,200	3	11,526	11,025	501	83	51,968	66,749	56,627	109	10,122
Puerto Rico.....	229	998,750	14	56,470	53,965	2,505	215	79,385	95,713	79,828	101	15,365
Virgin Islands.....	11	40,630	1	3,102	3,000	102	10	1,550	771	771	50	0



Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946, and Public Law 123, approved August 23, 1951, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided practical on-the-farm guidance, as required, to assist them in adopting improved practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purpose and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed \$7,000, and the total outstanding indebtedness of any borrower for all such loans may not exceed \$10,000. Interest is charged at the rate of five per cent on the unpaid principal balance.

Production and subsistence loans are made primarily to eligible farmers who have or can acquire the necessary land resources and have the background and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. The adjustment type loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed seven years in a manner consistent with the borrower's ability to pay. A limited number of annual loans are made to operators of family-type farms whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received, usually within one year.

2. Supervision (On-The-Farm Guidance): Many applicants for operating loans are handicapped by lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out sound farm and home operations so as to make the best use of their land, labor, capital, and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interest of the Government.

3. Significant Program Data:

- A. Number of New Loans Made: As in previous years, applications for new loans have exceeded the number of such loans approved. From the \$120,000,000 borrowing authority for Production and Subsistence loans for the fiscal year 1953, 24,048 new loans were made. There will be a substantial increase in the number of new loans in the 1954 fiscal year resulting from (1) an increase of \$20,000,000 made available through the enactment of Public Law 175 approved July 31, 1953, to be used to assist farmers in the drought-stricken states of the Southwest and other areas of the country where a need exists for this type of loan, and (2) a reduced need for subsequent loans by borrowers already indebted, thereby creating additional funds over 1953 for making loans to new applicants. The following table shows the number of new operating loans made and the total amount of funds available during each of the fiscal years 1949 through 1953 and estimates for 1954.

<u>Fiscal Year</u>	<u>Number New Loans Made</u>			<u>Total Available for Operating Loans</u>
	<u>Adjustment</u>	<u>Annual</u>	<u>Total</u>	
1949	37,935	25,621	63,556	\$ 75,000,000
1950	40,622	8,772	49,394	85,000,000
1951	34,311	11,633	45,944	103,000,000
1952	23,650	855	24,505	110,000,000
1953	23,639	409	24,048	120,000,000
1954 (est.)	31,850	400	32,250	140,000,000

See Table I for distribution by states.

The major reasons for the decrease in number of new operating loans made during recent years are as follows:

- (1) Greater emphasis has been placed on providing applicants with the financing needed to enable them to make the adjustments and improvements necessary for becoming established as successful operators of efficient family-type farms. The additional authorities contained in Public Law 123 have made it possible to assist borrowers more adequately in obtaining the resources needed for efficient farming operations. The average size of new adjustment loans increased from \$1,360 in the fiscal year 1950 to \$3,149 in the fiscal year 1953. It is expected that the average size of such loans will approximate the same during the current fiscal year..

- (2) Increased Costs of Goods and Services Essential to Farming: The high capital requirements necessary for becoming established in farming under present agricultural conditions and the continuing high costs of operating supplies and services have also been major factors contributing to the increased size of loans.

B. Use of Production and Subsistence Loan Funds: An indication of the use being made of funds available for Production and Subsistence loans is the purposes for which funds were advanced. During the 1953 fiscal year, approximately 58 per cent of the Production and Subsistence loan funds advanced to new borrowers was for the purchase of farm machinery and equipment and productive livestock, and for pasture improvement and other land development work. About 18 per cent was used for refinancing existing debts, secured by liens on livestock and farm machinery or equipment, and 24 per cent was used for operating expenses. Loan funds are being used to enable farmers assisted by the Farmers Home Administration to make better use of their land and labor resources so that they may progress rapidly to the point that they can operate efficiently and obtain needed credit from normal sources in the area.

C. Collections: The following is a summary of the cumulative and current collection activities on operating loans:

- (1) Cumulative collections on Production and Subsistence loans made by the Farmers Home Administration and other types of operating loans made by predecessor agencies have exceeded cumulative advances made during the last seven fiscal years by \$62,497,627 as shown by the following table:

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Repayments</u>	<u>Total Repayment</u>
1947	\$ 89,738,190	\$119,784,295	\$ 14,299,621	\$134,083,916
1948	59,912,114	101,453,618	12,769,753	114,223,371
1949	74,957,211	78,279,960	11,282,124	89,562,084
1950	84,912,479	68,004,734	9,702,196	77,706,930
1951	102,933,890	83,307,468	10,926,796	94,234,264
1952	109,958,596	90,566,068	11,066,894	101,632,962
1953	119,999,931	82,244,283	11,222,228	93,466,511
Total	\$642,412,411	\$623,640,426	\$81,269,612	\$704,910,038

- (2) Cumulative loan advances and collections of Farm Security Administration, Emergency Crop and Feed Loan Division, and Farmers Home Administration follows:

	<u>Loan Advances</u>	<u>Collections to 6/30/53</u> <u>Principal</u>	<u>Interest</u>	<u>Principal Repay. to Maturities</u>	<u>Total Colls. to Advances</u>
Rural Reha- bilitation Loans - June 1953 to 10/31/46	\$1,004,902,119	\$888,160,086	\$123,438,247	88.4%	100.7%
Emergency Crop and Feed Loans- 1918 to 10/31/46	575,934,022	474,466,207	56,494,237	82.4%	92.2%
Production and Subsistence Loans - 11/1/46 to 6/30/53	614,021,110	372,857,136	32,202,033	94.4%	66.0%

See Tables III and IV for distribution by states.

- D. Debts Compromised, Adjusted, or Canceled Pursuant to Public Laws 518 and 731: Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation under existing statutory authorities.

Most of the debts that have been settled arose from loans made to farmers from 1918 through the 1930's by predecessor agencies, whose accounts were transferred to the Farmers Home Administration when it was created on November 1, 1946. Prior to the enactment of Public Law 518, approved December 20, 1944, and Public Law 731 approved August 14, 1946, there was no authority for the Department to cancel any of these old loans, regardless of the circumstances of borrowers and even though many borrowers had died leaving no assets from which any further recovery could be effected by the Government. The following table shows adjustment, compromise, and cancellation settlements during the fiscal year 1953 and from the inception of such activity on April 4, 1945, through June 30, 1953:

	<u>During Fiscal Year 1953</u>	<u>From Inception April 4, 1945 through June 30, 1953</u>
Number of borrowers involved in settlements	57,320	721,551
Original principal indebtedness	\$33,163,588	\$244,277,668
Repaid prior to settlement:		
Principal	\$13,212,149	\$ 91,730,101
Interest	2,489,073	15,048,038
Unpaid balance at time of settlement:		
Principal	19,951,439	152,547,567
Interest	13,124,911	59,410,461
Principal and interest paid at time of settlement	2,048,611	16,300,831
Principal and interest written off	31,027,739	195,657,197

E. Progress of Borrowers: The progress that borrowers are making as a result of the financial and supervisory assistance provided through this program is indicated by the following: The total value of products produced on the farm by the 25,460 active operating loan borrowers who repaid their operating loans in full in 1952 and continued as family-type farm operators averaged \$4,521 as compared with \$2,646 for the year before they received their loans. Their production per acre averaged \$28 in terms of 1951 prices, which compares favorably with other successful family-type operators throughout the Nation. During this same period, these borrowers increased their gross farm income an average of 73%; working capital 106%; and value of productive livestock 150%. The net worth of these borrowers at the time they received their initial loan averaged \$3,560 and in 1952 averaged \$6,655 or an increase of 87%. Some of these increases can be attributed to change in prices; but, even after adjustments are made for this factor, a substantial increase remains.

Approximately 11,500, or 43.2%, of the 25,460 borrowers either owned all or part of the farms they operated before they received their loans. By 1952 the number of owners or part-owners in the group had increased to approximately 15,000

or 58% of the total. Before receiving their loans, 63% of the borrowers had electricity, whereas 88% had electricity in 1952. A total of 44% had refrigerators before coming on the program, and 74% when their loans were repaid. Running water in homes increased from 25% before receiving their loans to 38% in 1952.

Borrowers have also made substantial progress in the use of approved farm and home practices that are essential to successful farming. This progress is reflected in a special report prepared by County Offices in one state, which shows an increase of 35% in the number of borrowers using purebred sires, an increase of 40% in the number of borrowers using cover crops on all cropland, and an increase of 50% in the number of borrowers using proper methods for the control of insects and diseases. In another state, borrowers producing Grade A milk increased their average production per cow from 5,390 pounds in the year before they received their initial loans to 9,753 pounds in the year their loans were paid in full.

Table I - Total Production and Subsistence Loans to Individuals, 1952 and 1953 Fiscal Years
and Cumulative From Inception, November 1, 1946, Through June 30, 1953 1/

State and territory	1952 fiscal year						1953 fiscal year						Cumulative - November 1, 1946 through June 30, 1953					
	Adjustment loans			Annual loans			Adjustment loans			Annual loans			Adjustment loans			Annual loans		
	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent
	Number	Average amount		Number	Average amount		Number	Average amount		Number	Average amount		Number	Average amount		Number	Average amount	
U. S. Total.....	23,650	\$2,680	34,361	\$1,341	855	\$570	23,639	\$3,149	34,437	\$1,314	409	\$752	201,100	\$1,660	282,302	\$781	145,570	\$286
Alabama.....	1,038	1,919	1,515	1,144	4	202	1,424	1,692	1,912	907	0	0	11,276	851	20,721	450	5,575	230
Arizona.....	57	3,703	2,645	97	64	0	73	4,795	69	3,057	0	0	1,666	2,744	576	1,653	129	685
Arkansas.....	1,002	3,748	1,251	1,282	64	702	896	3,234	1,301	1,260	39	787	9,212	1,149	14,263	638	8,511	281
California.....	312	3,713	391	2,146	5	2,833	287	4,478	407	2,538	2	3,175	2,204	2,899	2,305	1,616	263	1,032
Colorado.....	288	4,061	795	1,850	15	513	292	4,699	999	1,473	5	478	2,526	2,691	5,701	1,177	616	539
Connecticut.....	21	4,864	22	2,068	0	0	22	5,259	33	2,278	1	3,980	92	3,714	121	1,739	28	744
Delaware.....	13	1,717	25	1,383	3	567	20	3,615	20	1,392	2	1,150	90	1,995	187	1,013	49	432
Florida.....	365	1,469	481	1,659	0	0	278	3,190	675	1,483	0	0	3,010	1,317	4,353	823	2,609	294
Georgia.....	889	2,566	1,166	1,575	15	909	763	3,006	1,710	1,419	8	688	10,161	1,102	13,768	681	12,978	264
Idaho.....	526	3,084	919	1,380	1	3,000	492	3,463	965	1,419	3	983	3,190	2,456	5,260	1,126	420	575
Illinois.....	516	3,381	614	1,305	4	942	551	3,569	597	1,301	0	0	3,395	2,592	3,896	974	368	431
Indiana.....	521	3,112	307	1,266	3	335	378	4,132	356	1,471	2	328	2,622	2,584	2,056	953	521	502
Iowa.....	365	3,233	1,131	1,052	0	0	509	3,941	588	1,184	1	7,000	2,807	2,655	5,877	804	276	350
Kansas.....	473	3,162	781	1,078	8	1,596	277	3,991	608	1,996	18	1,998	2,758	2,632	4,992	769	717	457
Kentucky.....	843	1,865	904	1,016	30	345	976	1,913	971	881	16	301	7,858	1,013	7,444	560	3,764	189
Louisiana.....	1,043	2,175	820	1,485	27	423	959	2,636	801	1,552	0	0	8,147	1,262	9,217	699	10,872	265
Maine.....	276	2,449	338	1,567	1	3,500	223	2,926	416	1,899	0	0	1,942	2,085	2,404	1,349	313	849
Maryland.....	221	2,440	212	1,327	7	581	176	2,704	274	1,255	1	600	1,245	1,989	1,675	919	818	298
Massachusetts.....	25	3,591	24	2,025	1	1,000	21	3,479	29	1,772	2	1,000	165	2,451	273	1,421	98	689
Michigan.....	548	3,278	537	1,491	8	612	478	3,886	543	1,627	2	438	4,121	2,351	3,307	1,153	360	352
Minnesota.....	496	4,181	445	1,570	2	525	544	5,074	413	1,412	46	752	4,040	2,950	3,161	1,002	1,550	435
Mississippi.....	1,042	2,053	1,619	1,226	5	420	1,094	2,572	1,454	1,233	2	250	9,056	1,129	19,129	572	11,838	220
Missouri.....	845	3,162	1,067	1,089	2	975	975	3,250	911	1,004	0	0	6,244	2,171	7,861	738	914	326
Montana.....	212	4,741	2,089	1,073	4	812	336	3,285	1,008	1,687	7	1,503	2,242	3,183	6,444	1,284	692	657
Nebraska.....	274	3,662	431	1,393	2	422	390	4,173	422	999	5	600	2,239	2,853	2,852	905	437	529
Nevada.....	27	4,225	38	2,800	1	0	28	5,169	23	3,154	0	0	218	3,133	213	1,843	18	1,224
New Hampshire.....	24	1,194	72	2,324	0	400	45	5,303	67	2,076	0	0	224	3,528	430	1,575	67	372
New Jersey.....	150	2,788	204	1,805	2	700	138	3,188	205	1,940	3	2,833	1,006	2,255	1,230	1,380	151	759
New Mexico.....	304	3,554	424	1,745	24	459	273	3,865	451	1,810	0	0	1,763	2,592	2,890	1,171	1,097	521
New York.....	255	4,300	548	1,931	2	2,700	251	5,129	608	1,750	1	625	1,830	3,037	4,732	1,122	714	534
North Carolina.....	1,411	1,771	2,121	1,127	39	515	1,461	1,851	2,318	1,129	22	541	19,882	846	19,370	620	17,359	261
North Dakota.....	323	3,385	464	1,495	208	618	415	4,190	706	1,104	10	680	2,526	2,735	3,403	903	3,480	467
Ohio.....	421	3,377	331	1,617	7	394	401	4,213	276	1,706	2	702	2,593	2,700	1,484	1,243	512	302
Oklahoma.....	1,086	2,919	2,354	920	30	467	979	3,781	1,704	1,015	33	621	8,244	2,153	17,503	603	1,993	320
Oregon.....	263	3,089	449	1,673	3	833	197	3,806	450	1,885	4	5,384	1,632	2,489	2,420	1,332	170	691
Pennsylvania.....	459	2,957	579	1,397	15	742	359	3,802	583	1,514	0	0	2,781	2,472	3,322	1,116	735	426
Rhode Island.....	2	5,975	7	1,343	0	0	2	5,328	6	2,375	0	0	22	3,184	67	1,288	1	1,000
South Carolina.....	1,466	1,337	850	1,074	2	68	1,274	1,594	1,471	1,021	0	0	18,276	574	13,567	435	21,496	224
South Dakota.....	205	4,078	533	1,620	4	722	369	4,321	437	1,506	10	640	2,204	3,059	3,210	1,021	1,009	426
Tennessee.....	830	1,681	953	887	37	317	714	1,857	1,007	1,805	16	286	5,598	1,073	7,580	531	3,485	220
Texas.....	1,269	3,390	2,889	1,323	98	667	1,709	3,905	2,388	1,350	72	734	10,073	2,372	25,725	804	12,232	301
Utah.....	219	2,775	392	1,347	5	1,692	170	3,193	380	1,465	2	1,330	1,251	2,209	2,335	1,149	284	526
Vermont.....	48	4,706	97	1,829	0	46	46	5,696	80	1,629	0	0	338	3,510	699	1,200	30	264
Virginia.....	524	1,525	675	940	50	282	423	1,781	529	991	53	360	3,383	1,055	3,329	721	4,606	210
Washington.....	294	3,682	473	2,187	1	920	356	4,566	460	2,467	1	1,700	2,009	3,021	2,169	1,694	126	957
West Virginia.....	199	2,325	253	1,503	6	292	284	2,817	244	1,564	8	421	1,746	1,462	1,502	953	567	190
Wisconsin.....	587	3,350	800	1,253	14	486	418	4,183	746	1,259	0	0	4,092	2,666	4,402	1,196	511	270
Wyoming.....	219	4,261	730	1,827	5	1,233	228	4,917	712	1,834	2	405	1,739	3,093	4,615	1,361	386	931
Alaska.....	10	3,610	3	1,900	0	0	3	4,833	3	1,967	0	0	73	2,502	15	1,372	0	0
Hawaii.....	63	2,104	38	1,247	1	1,000	39	2,429	24	1,228	1	1,500	338	1,996	175	1,196	4	950
Puerto Rico.....	771	1,280	1,118	1,059	80	254	499	1,547	1,075	1,166	0	0	6,021	689	7,985	350	9,677	350
Virgin Islands.....	10	672	1	1,650	10	252	2	1,625	2	512	0	0	130	492	98	316	134	138

1/ Does not include loans in disaster areas obligated from the 1951 Supplemental appropriation, or loans from state rural rehabilitation corporation funds.



Table II - Production and Subsistence Loans to Veterans Only,
1951, 1952, and 1953 Fiscal Years 1/

State and territory	1951 fiscal year						1952 fiscal year						1953 fiscal year					
	Adjustment loans			Annual loans			Adjustment loans			Annual loans			Adjustment loans			Annual loans		
	Initial		Subsequent	Average amount	Number	Average amount	Initial	Average amount	Number	Subsequent	Average amount	Number	Initial	Average amount	Number	Subsequent	Average amount	Number
	1	2																
U. S. Total.....	13,787	1,978	16,121	\$949	948	\$514	11,246	\$2,874	15,815	\$1,428	219	\$734	10,563	\$3,389	15,062	\$1,352	150	\$834
Alabama.....	400	1,384	799	633	6	146	560	1,991	513	1,230	1	230	611	1,859	771	974	0	0
Arizona.....	44	2,386	73	1,528	31	700	31	3,910	51	2,432	0	0	35	5,052	43	3,135	0	0
Arkansas.....	611	1,648	671	970	42	267	554	2,755	535	1,327	23	896	409	3,262	601	1,216	16	806
California.....	209	1,66	166	1,365	11	1,575	137	3,740	201	2,303	4	3,291	139	4,467	224	2,285	1	2,500
Colorado.....	214	2,659	369	1,015	18	683	139	3,878	367	1,957	8	471	134	4,767	435	1,556	2	720
Connecticut.....	9	2,389	5	1,990	0	0	7	5,429	7	1,864	0	0	8	3,693	10	2,838	0	0
Delaware.....	3	2,167	5	1,135	0	0	4	1,431	6	1,105	0	0	9	2,889	3	1,583	1	1,500
Florida.....	221	1,662	180	1,192	0	0	212	2,382	227	1,761	0	0	196	3,239	329	1,573	0	0
Georgia.....	435	1,690	386	1,200	13	382	355	2,695	430	1,637	3	2,533	289	3,166	607	1,441	3	700
Iaho.....	337	2,376	466	1,035	1	450	278	3,098	551	1,446	1	3,000	239	3,555	549	1,440	1	600
Illinois.....	350	2,376	423	948	2	538	302	3,465	342	1,390	3	1,083	301	3,580	356	1,333	0	0
Indiana.....	277	2,385	151	932	13	536	273	3,198	171	1,450	0	0	192	4,160	209	1,550	0	0
Iowa.....	261	2,530	510	775	0	0	211	3,948	572	1,102	0	0	318	3,974	343	1,152	0	0
Kansas.....	313	2,841	412	895	19	827	269	3,513	500	1,120	4	1,392	143	3,893	388	1,126	5	1,597
Kentucky.....	548	1,135	475	676	32	325	466	1,847	427	1,068	13	357	436	2,008	446	951	7	344
Louisiana.....	520	1,481	299	1,118	45	478	376	2,472	327	1,494	11	375	367	2,921	308	1,672	0	0
Maine.....	110	1,763	176	1,184	7	1,278	105	2,480	170	1,587	1	3,500	90	2,992	219	1,930	0	0
Maryland.....	87	1,943	59	954	1	300	72	2,880	71	1,065	3	550	62	3,177	84	1,224	0	0
Massachusetts.....	5	2,200	20	1,382	1	1,000	12	3,598	11	2,468	0	0	8	3,072	17	1,891	2	1,000
Michigan.....	387	2,266	334	1,087	9	868	277	3,276	313	1,519	4	775	259	3,941	297	1,552	1	400
Minnesota.....	372	2,709	579	793	109	492	275	4,088	249	1,583	1	450	301	5,153	245	1,426	14	574
Mississippi.....	571	1,447	665	921	5	1,130	559	2,556	694	1,302	1	275	573	2,632	704	1,234	1	200
Missouri.....	546	2,335	824	779	9	526	526	3,135	634	1,018	1	1,000	542	3,283	542	1,042	0	0
Montana.....	236	2,862	410	1,284	11	1,728	119	4,643	523	2,132	0	0	173	4,802	523	1,738	3	1,607
Nebraska.....	239	2,742	282	962	7	1,098	144	3,722	292	1,430	1	500	229	4,043	247	1,047	2	882
Nevada.....	27	2,578	23	1,229	0	0	10	4,036	23	2,942	0	0	12	5,383	13	3,370	0	0
New Hampshire.....	14	3,108	32	1,658	0	0	9	4,141	30	2,754	1	400	22	4,980	34	1,781	0	0
New Jersey.....	82	1,957	80	1,346	2	350	73	2,662	96	1,895	0	0	51	2,969	98	2,021	1	1,000
New Mexico.....	175	2,181	298	1,001	26	529	133	3,736	208	1,740	6	378	122	4,063	185	1,759	3	533
New York.....	177	2,663	248	1,094	21	750	117	4,589	235	2,156	0	0	110	5,110	267	1,889	1	685
North Carolina.....	570	1,114	529	682	78	365	603	1,905	645	1,206	9	647	535	2,012	806	1,227	8	466
North Dakota.....	242	2,465	325	781	136	548	162	3,481	232	1,503	42	589	230	4,132	345	1,172	9	671
Ohio.....	263	2,549	176	1,174	7	225	219	3,320	223	1,704	1	275	209	4,242	163	1,664	1	955
Oklahoma.....	770	2,168	836	813	12	472	641	2,893	1,157	966	11	392	470	3,707	816	1,158	10	530
Oregon.....	180	2,247	194	1,214	3	340	147	3,108	234	1,681	0	0	90	3,780	253	1,855	3	6,845
Pennsylvania.....	271	2,315	278	1,073	4	600	232	2,995	285	1,490	5	490	104	3,748	315	1,573	0	0
Rhode Island.....	1	3,500	1	500	0	0	0	0	0	1,500	0	0	0	0	2	1,925	0	0
South Carolina.....	502	958	207	665	21	324	390	1,576	242	1,117	0	0	319	2,176	418	1,120	0	0
South Dakota.....	199	2,899	344	869	30	656	119	4,235	290	1,711	1	985	255	4,326	237	1,594	4	900
Tennessee.....	367	1,219	364	654	50	234	350	1,698	403	938	9	414	266	2,036	402	850	4	341
Texas.....	804	2,323	1,460	1,036	67	511	599	3,631	1,366	1,436	26	895	682	4,147	1,110	1,436	32	734
Utah.....	98	2,202	233	1,047	4	961	118	2,863	224	1,379	1	5,550	87	3,225	219	1,534	1	2,260
Vermont.....	7	3,329	35	1,135	0	0	24	5,242	36	2,173	0	0	15	5,495	41	1,630	0	0
Virginia.....	294	1,326	222	822	26	324	223	1,810	247	1,063	8	359	149	2,191	220	1,009	11	588
Washington.....	246	2,693	228	1,526	1	1,240	157	3,808	289	2,336	1	920	164	4,581	266	2,337	0	0
West Virginia.....	118	1,683	113	1,011	10	235	97	2,515	124	1,403	3	200	114	4,321	114	1,548	2	432
Wisconsin.....	317	2,532	481	930	5	40	294	3,494	460	1,291	4	255	245	4,374	426	1,319	0	0
Wyoming.....	164	2,815	428	1,337	19	1,257	113	4,102	456	1,822	2	1,230	116	4,556	449	1,617	1	260
Alaska.....	9	2,359	2	890	0	0	7	3,771	2	2,100	0	0	2	5,250	3	1,967	0	0
Hawaii.....	28	1,950	16	1,066	0	0	21	2,105	20	1,042	1	1,000	16	2,748	10	1,120	0	0
Puerto Rico.....	176	400	168	698	71	330	100	1,234	150	1,363	4	206	54	1,737	150	1,479	0	0
Virgin Islands.....	1	400	1	450	2	250	2	775	1	1,650	1	720	1	3,000	0	1,479	0	0

1/ Does not include loans in disaster areas obligated from the 1951 Supplemental appropriation or loans from state rural rehabilitation corporation funds.

Table III - Production and Subsistence Loans, Maturities and Collections, Cumulative Through June 30, 1953 1/

State and territory	Cumulative loan obligations	Cumulative advances	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
1	2	3	4	5	6	7	8	9	10	
U. S. Total.....	\$614,058,752	\$614,021,110	\$395,070,433	\$372,897,136	\$32,202,033	\$405,959,169	\$1,340,374	\$164,759	\$239,658,841	94.4%
Alabama.....	21,104,065	21,033,944	15,102,536	14,163,171	763,220	14,926,391	43,149	5,807	6,821,817	93.8
Arizona.....	2,309,292	2,355,766	1,582,313	1,451,215	1,559,984	1,559,984	9,848	0	894,703	91.7
Arkansas.....	27,473,166	27,161,926	18,786,006	17,758,132	1,245,877	19,004,009	37,601	2,286	9,363,907	94.5
California.....	10,304,830	10,761,053	7,065,038	6,565,672	618,099	7,183,771	50,319	307	4,144,755	92.9
Colorado.....	14,869,449	14,736,780	9,503,701	8,690,949	761,661	9,452,610	10,952	5,596	6,029,283	91.4
Connecticut.....	572,976	610,348	323,867	317,096	27,449	344,545	892	0	292,360	97.9
Delaware.....	389,712	382,173	226,610	198,799	226,129	226,129	0	0	183,374	87.7
Florida.....	8,368,917	8,444,193	5,635,917	5,101,914	346,302	5,448,216	50,436	2,136	3,289,707	90.5
Georgia.....	24,611,464	24,571,368	17,838,874	16,505,786	884,375	17,390,161	154,937	11,876	7,898,749	92.5
Iaaho.....	14,047,208	14,099,578	8,201,771	7,930,502	818,806	8,749,308	5,030	1,717	6,162,329	96.7
Illinois.....	12,755,864	12,862,490	7,343,073	7,170,822	826,120	7,996,942	14,589	1,481	5,675,598	97.7
Indiana.....	8,918,184	9,029,737	4,983,384	4,805,440	546,378	5,351,818	9,583	1,856	4,169,858	97.2
Iowa.....	12,322,086	12,399,692	6,697,692	6,717,778	743,029	7,460,807	21,822	1,600	5,668,492	100.3
Kansas.....	11,424,466	11,472,922	6,962,946	6,485,969	764,124	7,250,093	21,187	1,929	5,023,837	92.3
Kentucky.....	12,842,530	12,762,660	7,969,447	7,549,537	696,269	8,245,806	14,034	1,956	5,197,133	94.7
Louisiana.....	21,139,522	21,094,046	15,193,757	14,964,945	798,625	15,763,570	42,321	1,192	6,085,588	96.6
Maine.....	7,598,252	7,520,188	5,289,899	5,183,896	381,727	5,565,623	14,603	0	2,321,689	98.0
Maryland.....	4,258,805	4,293,064	2,387,009	2,159,740	299,870	2,459,610	4,071	0	2,129,253	90.5
Massachusetts.....	899,796	862,769	620,069	590,950	56,358	647,308	4,042	657	267,120	95.3
Michigan.....	13,627,770	13,681,169	7,336,837	6,994,736	1,059,903	8,014,639	29,837	0	6,696,596	94.8
Minnesota.....	16,044,517	16,061,200	9,121,651	8,932,440	1,073,911	10,006,351	7,750	7,922	7,113,088	97.9
Mississippi.....	25,445,814	25,342,201	17,546,594	16,379,438	1,111,336	17,490,798	96,810	3,248	8,862,705	93.3
Missouri.....	20,384,194	20,337,588	12,465,459	12,082,679	1,199,171	13,288,850	24,026	301	8,223,582	97.0
Montana.....	16,135,572	16,099,493	9,482,167	8,757,040	869,289	9,626,329	3,392	3,516	7,335,545	92.4
Nebraska.....	9,252,782	9,265,757	5,334,381	5,356,251	582,658	5,938,909	9,878	942	3,898,686	100.4
Nevada.....	1,100,499	1,072,686	639,269	588,540	70,646	659,186	1,600	902	481,644	92.1
New Hampshire.....	1,507,265	1,494,327	735,788	705,672	104,306	809,978	5,760	0	782,895	95.9
New Jersey.....	4,153,161	4,153,865	2,731,909	2,400,313	265,244	2,665,573	5,622	7,336	1,740,594	87.9
New Mexico.....	8,525,260	8,404,144	5,185,425	4,735,960	397,606	5,133,566	25,952	9,983	4,030,249	83.7
New York.....	11,253,700	11,274,638	6,185,858	5,585,781	806,947	6,392,728	21,040	11,081	5,656,736	90.3
North Carolina.....	33,950,357	33,901,239	25,900,435	25,258,114	1,226,902	26,485,016	76,243	11,194	8,555,688	97.5
North Dakota.....	11,707,709	11,591,879	6,575,255	6,062,022	615,530	6,677,552	3,841	12,476	5,513,540	92.2
Ohio.....	9,000,206	9,090,961	4,839,916	4,639,157	591,675	5,230,832	14,500	2,121	4,435,183	95.9
Oklahoma.....	32,522,705	32,244,803	20,241,906	19,140,776	1,940,345	21,081,121	41,938	1,864	13,060,225	94.6
Oregon.....	7,438,566	7,461,608	4,469,633	4,281,603	425,516	4,707,119	10,330	0	3,169,675	95.8
Pennsylvania.....	10,897,135	10,885,765	5,751,225	5,411,764	789,666	6,200,430	13,104	34,341	5,426,556	94.1
Rhode Island.....	157,320	160,820	112,235	109,723	11,160	120,883	410	0	50,687	97.8
South Carolina.....	22,684,216	22,674,615	18,182,954	16,978,655	763,661	17,695,316	151,923	3,287	5,540,750	93.4
South Dakota.....	10,996,401	10,988,586	5,969,242	5,521,212	683,499	6,204,711	8,258	460	5,458,656	92.5
Tennessee.....	11,147,715	11,209,719	7,257,817	7,002,194	562,866	7,565,060	12,200	783	4,194,542	96.5
Texas.....	50,280,809	50,517,360	35,116,666	31,513,108	2,442,996	33,926,104	204,784	4,251	18,795,217	89.7
Utah.....	5,654,135	5,668,270	3,202,878	3,067,872	367,337	3,437,509	5,094	526	2,682,778	92.7
Vermont.....	1,992,152	1,978,328	1,105,863	1,069,876	153,048	1,223,424	1,817	0	906,635	96.7
Virginia.....	6,942,452	6,946,709	4,398,976	4,283,814	313,814	4,542,215	12,956	1,924	2,703,428	96.1
Washington.....	9,817,153	9,936,418	5,294,171	4,898,547	526,268	5,425,075	3,008	3	5,034,860	92.5
West Virginia.....	4,091,794	4,064,872	1,912,836	1,887,172	222,895	2,110,067	2,237	0	2,175,463	98.7
Wisconsin.....	15,387,381	15,355,868	8,321,775	8,562,679	1,093,059	9,655,738	2,035	1	6,791,093	102.9
Wyoming.....	12,021,962	11,887,883	7,432,581	6,818,959	656,369	7,475,728	5,317	1	5,063,606	91.7
Alaska.....	203,279	214,099	132,187	107,666	17,609	125,275	0	0	106,433	81.4
Hawaii.....	887,870	887,868	559,793	443,424	69,227	512,951	0	0	444,444	79.2
Puerto Rico.....	12,608,619	12,608,310	9,424,410	9,425,060	549,055	10,034,115	29,256	2,900	3,091,094	100.6
Virgin Islands.....	113,425	113,425	90,732	86,989	10,747	97,736	20	0	26,416	95.9

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.

Table IV - Rural Rehabilitation Loans of the Farm Security Administration Including
Maturities and Collections, Cumulative Through June 30, 1953

State and territory	Loan advances October 31, 1946	Matured principal	Collections			Principal		Outstanding principal balance of loan advances	Ratio of total collections to loan advances	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments	Total	Write-offs	Judgments			
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$1,004,902,119	\$1,004,398,256	\$888,160,086	\$123,438,247	\$1,011,598,333	\$68,880,964	\$1,739,548	\$416,121,521	100.74	88.44
Alabama.....	43,627,877	43,627,877	32,620,928	4,809,675	37,430,603	8,656,472	48,314	2,302,163	85.8	74.8
Arizona.....	4,059,892	4,054,222	2,588,622	523,119	3,111,741	243,763	22,409	2,302,163	101.3	88.5
Arkansas.....	45,037,170	45,037,170	38,679,814	4,167,941	42,847,755	3,551,409	62,312	2,781,220	95.1	85.9
California.....	21,622,292	21,603,794	20,213,287	20,021,605	2,885,679	2,885,679	53,404	1,369,922	92.6	79.7
Colorado.....	26,896,972	26,896,972	23,469,990	3,691,217	27,161,207	1,891,952	74,024	1,511,006	100.8	87.3
Connecticut.....	1,459,351	1,459,351	1,262,225	162,499	1,424,724	125,587	18,248	53,291	97.6	86.5
Delaware.....	759,385	759,385	652,664	116,611	769,275	8,611	0	97,910	101.3	85.9
Florida.....	13,992,296	13,992,296	10,145,503	1,898,806	12,044,309	2,025,632	66,724	1,755,437	82.1	72.5
Georgia.....	40,804,804	40,796,847	31,253,674	4,514,978	35,768,652	6,142,317	116,454	3,292,359	87.7	76.6
I Idaho.....	18,140,123	18,121,253	17,348,402	2,215,317	19,563,719	475,318	15,628	300,775	107.8	95.7
Illinois.....	22,092,797	22,092,797	20,594,039	3,038,810	23,632,849	1,042,585	24,715	445,425	106.9	93.2
Indiana.....	17,688,163	17,688,163	16,787,019	19,111,881	23,244,862	534,683	17,644	445,425	108.0	94.9
Iowa.....	25,741,870	25,741,870	25,105,441	3,372,920	28,478,361	555,369	17,771	61,289	110.6	97.5
Kansas.....	29,754,181	29,752,157	27,498,674	4,370,272	31,868,946	1,259,588	22,919	973,000	107.1	92.4
Kentucky.....	14,605,941	14,599,907	14,153,252	1,651,100	15,804,352	304,778	14,182	136,729	108.2	96.9
Louisiana.....	34,278,553	34,276,162	28,818,182	3,334,499	32,152,681	3,359,322	105,251	1,995,798	93.8	84.1
Maine.....	14,052,612	14,052,612	12,712,286	1,495,798	13,708,084	1,396,510	4,994	437,822	97.6	86.2
Maryland.....	4,355,289	4,355,289	3,752,894	619,385	4,372,279	105,612	2,248	494,515	100.4	86.2
Massachusetts.....	2,038,769	2,038,738	1,774,511	265,540	2,040,051	192,127	14,593	57,538	100.1	87.0
Michigan.....	19,514,268	19,512,807	17,878,138	2,943,515	20,721,653	721,708	7,548	506,874	106.2	91.6
Minnesota.....	28,144,261	28,131,471	27,128,609	4,180,710	31,309,319	513,855	27,591	478,206	111.2	96.4
Mississippi.....	47,388,808	47,388,808	39,321,349	4,576,583	43,897,932	5,367,478	54,064	2,610,917	92.8	83.1
Missouri.....	36,454,036	36,454,036	34,431,279	4,906,974	39,338,253	1,442,064	32,774	547,919	107.9	94.5
Montana.....	23,237,659	23,237,659	20,843,931	3,441,490	24,285,421	448,680	119,487	1,626,174	104.5	89.7
Nebraska.....	27,322,431	27,322,307	25,332,978	4,350,943	29,683,921	1,375,169	26,604	587,680	108.6	92.7
Nevada.....	1,766,902	1,766,902	1,579,728	239,750	1,819,478	74,479	623	112,072	103.0	89.4
New Hampshire.....	2,600,121	2,600,121	2,219,292	437,442	2,656,734	212,795	424	167,610	102.2	85.4
New Jersey.....	4,045,935	4,045,935	3,116,177	563,520	3,679,697	205,459	28,246	701,195	90.8	77.0
New Mexico.....	9,704,556	9,702,726	8,412,253	1,207,257	9,619,510	631,035	24,638	636,630	99.1	86.7
New York.....	16,346,523	16,345,576	13,883,434	2,545,006	16,428,440	977,427	73,694	1,411,968	100.5	84.9
North Carolina.....	37,585,102	37,585,102	34,620,380	2,741,931	37,362,311	1,754,435	62,584	1,189,713	99.3	92.1
North Dakota.....	18,793,508	18,793,508	17,191,683	3,008,227	20,199,910	834,096	27,253	743,176	107.5	91.5
Ohio.....	18,177,186	18,177,186	16,885,487	2,739,864	19,625,351	794,069	39,994	457,616	108.0	92.9
Oklahoma.....	55,225,131	55,225,131	51,708,028	6,229,634	57,937,662	1,912,363	38,695	1,566,054	104.9	93.6
Oregon.....	12,079,031	12,078,863	10,866,455	1,390,689	12,257,144	648,595	9,151	554,430	101.5	90.0
Pennsylvania.....	11,723,896	11,723,896	10,591,626	1,829,052	12,420,678	601,164	99,263	431,943	105.9	90.3
Rhode Island.....	462,569	462,569	402,636	73,513	476,149	24,751	1,317	33,865	102.9	87.0
South Carolina.....	28,340,571	28,340,571	16,678,751	2,432,019	19,110,770	3,234,963	36,113	2,390,744	85.5	74.7
South Dakota.....	29,218,121	29,217,067	27,062,121	5,321,475	32,383,694	1,804,070	20,803	1,050,429	110.8	92.6
Tennessee.....	12,343,990	12,343,019	11,657,367	1,237,599	13,094,966	265,035	2,631	218,937	106.1	96.1
Texas.....	93,310,357	93,310,357	80,813,741	8,707,684	89,521,425	7,374,346	159,911	4,962,359	95.9	86.6
Utah.....	10,261,407	10,261,407	9,554,764	1,612,391	11,167,155	415,187	30,885	260,571	108.8	93.4
Vermont.....	3,166,766	3,166,766	2,928,480	459,917	3,388,377	69,924	3,479	164,903	107.0	92.5
Virginia.....	10,537,205	10,537,205	9,297,804	1,202,690	10,500,574	674,819	28,104	536,398	99.7	89.0
Washington.....	16,075,680	16,074,718	13,748,037	1,917,506	15,665,543	1,013,418	25,926	1,288,299	97.4	85.5
West Virginia.....	6,367,247	6,366,887	5,890,861	1,207,298	7,098,159	315,818	19,982	140,586	111.5	92.5
Wisconsin.....	23,340,493	23,339,971	22,530,784	3,012,872	25,543,656	191,341	9,925	608,443	109.4	96.5
Wyoming.....	18,887,741	18,887,741	17,789,305	2,874,300	20,663,605	335,600	21,769	741,067	109.4	94.2
Alaska.....	459,419	304,450	276,634	116,112	392,746	1,025	0	181,760	86.5	90.9
Hawaii.....	536,524	536,524	516,524	68,331	584,856	2,180	0	17,819	109.0	96.3
Puerto Rico.....	6,192,972	6,192,972	5,695,915	555,215	6,251,130	325,729	2,014	169,314	100.9	92.0
Virgin Islands.....	136,239	136,239	112,949	19,071	132,020	17,373	0	5,917	96.9	82.9

Note: Advances by states include transfers of loans between states for collection purposes.

Water Facilities Loans

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water facilities can be operated and maintained more feasibly on a community basis. Loans are of two types:
 - A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for live-stock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.
 - B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such facilities as small irrigation systems, large wells including pumping plants, and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.
2. Terms of Loans: Loans are scheduled to be repaid as rapidly as possible consistent with the borrowers repayment ability. Loans are made for periods sufficiently long to allow the operator to make repayment from income derived from the use of the facility. The interest rate is 3 per cent per annum. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.
3. Technical Assistance: Engineering assistance is given all borrowers, as required, in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm management guidance is provided as needed to assist in profitable utilization of the facilities. To the extent that personnel is available, engineering assistance is also given to a limited number of non-borrowing farm families and organized water users groups who are unable to obtain it from other sources.
4. Significant Program Data:
 - A. Applications: Applications for water facilities loans since the inception of the program have been increasing. Some of the increased demand has resulted from, (1) efforts of dry farmers in parts of the ten states in the Great Plains to

recoup or prevent losses of income from prolonged drought by installing irrigation facilities; (2) the deterioration of existing facilities resulting from obsolescence and inadequate maintenance; (3) the trend toward more effective water utilization by land leveling and installation of improved distribution and sprinkler systems; (4) tightening credit conditions and the lack of equities in property which will enable applicants to qualify for private credit; (5) the need for rural water systems in areas where it is not feasible to install facilities on individual farms; and (6) the creation of new farm units in reclamation projects. Despite some increase during each of the past four fiscal years in the amount of loan funds available, no significant change in the number of applicants served as compared with the total number of applicants has been made. The following table shows the number of applicants, the number of new loans made, and the percentage of applicants who received loans in the fiscal years 1949 through 1953, and estimated for 1954.

<u>Fiscal</u> <u>Year</u>	<u>Number</u> <u>Applicants</u>	<u>Individual Loans</u>	
		<u>Number</u> <u>Initial</u> <u>Loans Made</u>	<u>Loans as</u> <u>Percent of</u> <u>Applicants</u>
1949	2,851	751	26
1950	4,318	1,192	28
1951	4,220	1,327	31
1952	4,007	1,141	28
1953	4,722	1,179	25
1954 (est.)	5,700	1,260	22

<u>Fiscal</u> <u>Year</u>	<u>Number</u> <u>Applicants</u>	<u>Group Loans</u>	
		<u>Number</u> <u>Initial</u> <u>Loans Made</u>	<u>Loans as</u> <u>Percent of</u> <u>Applicants</u>
1949	132	8	6
1950	169	15	9
1951	147	23	16
1952	187	33	18
1953	194	34	18
1954 (est)	200	40	20

See Table I for distribution by states.

- B. Size of Loans: There has been an increase in the average size of water facilities loans to individuals because of the steady rise during recent years in the costs of labor, material and equipment used in the construction or repair

of facilities. In addition, a larger proportion of loans have been made for the installation or improvement of irrigation facilities and for land leveling where the costs usually run higher than for farmstead facilities. There has also been an increase in the average size of loans to groups which has resulted partly from the enactment of Public Law 99, approved June 10, 1949, increasing from \$50,000 to \$100,000 the amount that may be loaned on any one project. The average size of group loans in 1953 decreased primarily because the number of loans made to small groups in new land areas for domestic water supplies was proportionately greater than in previous years. The general increase in the size of loans in recent years has resulted in fewer applicants being served from the same amount of loan funds. The following table shows the trend in the size of water facilities loans made to individuals and groups from 1940 through 1953:

Average Size of Loans

<u>Fiscal Year</u>	<u>Individuals</u>		<u>Groups</u>	
	<u>Initial</u>	<u>Subsequent</u>	<u>Initial</u>	<u>Subsequent</u>
1940	\$ 493		6,169	
1945	586	\$ 516	\$15,644	\$5,667
1950	1,934	989	31,457	12,673
1951	2,244	1,146	30,219	10,705
1952	3,047	1,758	35,815	8,078
1953	3,949	2,278	29,843	6,638
1954 (est.)	4,000	2,300	35,000	8,250

C. Number and Amount of Loans: During the fiscal year 1953 approximately 18 per cent of the loan funds were used for group loans and 82 per cent for loans to individuals. The ratio of group loans to total loans is slightly less than in recent years. The table below shows the number and amount of loans made during the 1953 fiscal year and cumulatively since the inception of the program:

<u>Loans</u>	<u>1953 Fiscal Year</u>		<u>Cumulative Since Inception</u>	
	<u>Number</u>	<u>Amount Obligated</u>	<u>Number</u>	<u>Amount Obligated</u>
To Individuals				
Initial	1,179	\$4,655,390	14,211	\$20,916,521
Supplemental	121	276,394	2,422	1,724,227
To Groups				
Initial	34	1,014,655	213	5,014,402
Supplemental	8	53,500	59	434,290
Total	1,342	\$5,999,939	16,905	\$28,089,440

The above table does not reflect the total number of individuals served under this program. As of June 30, 1952, loans had been made to 179 groups serving approximately 7,950 users. In the 1953 fiscal year 34 loans were made to groups serving an estimated 1,500 water users. The 9,450 users of group loan facilities added to the 14,211 individuals receiving loans brings the cumulative number served under this program to 23,661.

- D. Collections: Since inception of the Water Facilities Program, 7,686 individual borrowers have paid their accounts in full and 12 group loans have also been paid in full. The following statement shows repayment progress cumulative since the inception of the program to June 30, 1953:

Loan advances and repayments cumulative to June 30, 1953

<u>Loan Advances</u>	<u>Matured Principal</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Ratio of Principal Repayments to Matured Principal</u>
\$27,782,310	\$10,947,783	\$11,072,376	\$1,550,927	\$12,623,303	101.1%

See Table II for distribution by states.

The total cumulative gross delinquencies on these loans is \$276,433 or 2.5 per cent of the total maturities. These loans may be amortized over the productive life of the security but not to exceed 20 years in the case of individual loans and up to 40 years in the case of group loans.

- E. Progress of Borrowers: Some indication of the production and financial progress made by water facilities borrowers is indicated by the following data taken from reports of borrowers who repaid their loans in the 1950, 1951, and 1952 fiscal years and continued farming.

(1) Borrowers With Loans for New Irrigation:

	<u>Year Before Acceptance</u>	<u>1950, 1951, and 1952 Fiscal Years</u>	<u>Percent Increase</u>
a. <u>Crop and livestock production</u> :			
Corn - bushels per acre	15.2	46.5	205.9
Small grain - bushels per acre	14.1	23.5	66.7
Legume Hay - tons per acre	2.0	3.0	50.0
b. <u>Income and net worth per farm</u> :			
Gross farm income	\$4,813	\$11,717	143.4
Net worth	10,646	26,600	149.9

(2) Borrowers With Farmstead Only Loans:

	<u>Year Before Acceptance</u>	<u>1950, 1951 and 1952 Fiscal Years</u>	<u>Percent Increase</u>
a. <u>To supply water for livestock:</u>			
Percent hauling water from off farm	39.5	0.8	--
Percent with water piped to barn or barnyard	4.7	79.8	--
Number with equipment for producing Grade A milk	13	111	753.8
Increase in livestock:			
Average number of dairy cows kept	5.6	6.8	21.4
Average number of other cattle kept	11.3	13.9	23.0
Average number of chickens kept	138	176	27.5
b. <u>To supply water for garden:</u>			
Percent with water piped to garden	3.7	89.9	--
Average value of food and fuel for home use	\$336	\$513	52.7
Average bushels of fruits and vegetables stored	12	14	16.7
c. <u>To supply water for household:</u>			
Percent with water piped to house	8.0	83.9	--
Percent with kitchen sink	17.1	84.4	--
Percent with shower or bathtub	6.2	57.4	--

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount, 1951, 1952 and 1953 Fiscal Years and Cumulative From Inception of Program Through June 30, 1953

State	1951 fiscal year				1952 fiscal year				1953 fiscal year				Cumulative through June 30, 1953			
	Initial		Subsequent		Initial		Subsequent		Initial		Subsequent		Initial		Subsequent	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Loans to Individuals																
U. S. Total.....	1,327	\$2,244	103	\$1,146	1,141	\$3,047	133	\$1,758	1,179	\$3,949	121	\$2,278	14,211	\$1,472	2,422	\$711
Arizona.....	14	3,941	4	1,880	46	5,650	7	2,103	49	7,966	5	5,780	262	3,593	51	1,644
California.....	102	3,131	3	2,333	116	4,223	10	2,805	78	4,620	9	3,856	755	2,687	97	1,261
Colorado.....	57	2,349	4	575	69	3,375	11	1,369	82	4,796	11	2,572	713	1,856	78	1,120
Idaho.....	108	1,644	20	941	51	2,380	14	1,123	92	3,384	6	2,105	1,082	1,267	158	652
Kansas.....	33	3,396	1	100	18	2,068	4	2,375	44	4,826	3	1,667	565	1,316	56	494
Montana.....	108	2,674	13	1,323	73	3,138	11	1,129	87	3,242	17	1,964	746	1,877	102	1,010
Nebraska.....	41	3,873	1	500	29	4,654	2	1,200	63	5,894	5	3,260	680	1,781	44	1,201
Nevada.....	6	2,122	1	6,100	7	3,264	2	1,850	4	5,000	0	0	59	1,867	15	1,252
New Mexico.....	47	3,067	3	1,825	58	4,463	7	2,295	58	5,166	4	3,555	468	2,213	157	694
North Dakota...	24	1,054	4	569	37	1,656	1	1,000	49	1,946	6	832	437	858	34	500
Oklahoma.....	200	974	9	437	150	1,876	10	2,536	168	2,902	12	1,440	1,847	869	346	378
Oregon.....	77	2,565	2	992	97	2,837	6	2,075	60	3,533	4	2,452	818	1,509	86	764
South Dakota...	27	2,683	3	1,590	11	1,818	0	0	25	4,553	1	5,375	437	969	38	868
Texas.....	139	2,024	6	656	160	2,331	9	1,163	136	3,590	5	887	2,731	1,112	841	532
Utah.....	76	2,395	8	1,609	47	3,222	15	1,644	47	3,701	17	1,418	741	1,512	111	1,153
Washington.....	167	2,680	11	1,521	136	3,156	21	1,901	93	3,466	13	1,845	946	2,130	120	1,144
Wyoming.....	101	1,721	10	648	36	2,741	3	767	44	2,763	3	4,070	924	1,018	88	631
Loans to Groups																
U. S. Total.....	23	30,219	6	10,705	33	35,815	9	8,078	34	29,843	8	6,688	213	23,542	59	7,361
Arizona.....	1	35,000	0	0	1	60,000	0	0	0	0	0	0	9	28,556	3	20,833
California.....	1	58,000	0	0	0	0	1	13,000	1	22,500	0	0	5	25,100	3	11,167
Colorado.....	2	67,500	3	17,333	5	48,000	2	7,200	3	23,700	1	5,000	31	21,801	11	8,491
Idaho.....	5	21,420	1	7,000	3	56,473	2	2,900	0	0	2	8,500	35	20,757	12	5,461
Kansas.....	1	27,000	0	0	0	0	0	0	0	0	0	0	1	27,000	0	0
Montana.....	1	32,000	0	0	2	50,000	1	16,700	3	9,333	1	5,300	15	21,985	3	9,833
Nevada.....	1	12,000	0	0	1	18,400	0	0	2	99,500	1	4,500	8	41,575	1	4,500
New Mexico.....	1	17,000	0	0	2	20,500	0	0	2	30,000	0	0	15	18,546	3	2,233
North Dakota...	0	0	0	0	1	15,000	0	0	0	0	0	0	1	15,000	0	0
Oregon.....	1	20,000	0	0	1	70,000	0	0	3	33,157	0	0	11	25,771	2	3,688
Utah.....	3	37,393	1	2,230	4	43,992	1	14,800	4	35,175	1	1,950	33	26,589	11	7,675
Washington.....	6	23,292	1	3,000	13	22,469	2	4,000	16	24,618	1	13,000	45	19,918	8	4,325
Wyoming.....	0	0	0	0	0	0	0	0	0	0	1	6,750	4	47,450	2	6,125



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1953 1/

State	Cumulative loan obligations 2/ 1	Cumulative loan advances 2/ 2	Matured principal 3	Collections			Principal		Outstanding principal balance of loan advances	Ratio of principal repayments to matured principal
				Principal repayments 4	Interest payments 5	Total 6	Write-offs 7	Judgments 8		
U. S. Total.....	\$28,059,440	\$27,782,310	\$10,947,793	\$11,072,376	\$1,550,927	\$12,623,303	\$6,541	\$3,505	\$16,699,888	101.1%
Arizona.....	1,344,810	1,342,445	322,973	338,185	66,243	404,428	0	0	1,004,260	104.7
California.....	2,310,338	2,295,565	794,008	831,287	120,363	951,650	0	0	1,464,278	104.7
Colorado.....	2,179,631	2,138,323	705,337	694,023	110,146	804,169	765	0	1,443,535	98.4
Idaho.....	2,266,438	2,261,940	947,420	955,897	173,966	1,129,863	145	0	1,305,888	100.9
Kansas.....	796,160	801,567	352,830	337,452	36,962	374,414	596	0	463,519	95.6
Montana.....	1,862,210	1,857,760	622,235	627,501	102,213	729,714	0	0	1,230,259	100.8
Nebraska.....	1,264,148	1,268,907	537,198	541,787	56,865	598,652	174	0	726,946	100.9
Nevada.....	466,025	464,951	98,447	102,483	21,243	123,726	0	0	362,468	104.1
New Mexico.....	1,429,401	1,374,116	472,998	472,505	59,016	531,521	2,045	0	899,566	98.9
North Dakota.....	406,950	406,322	190,762	194,820	14,381	209,201	44	0	211,458	102.1
Oklahoma.....	1,735,225	1,734,596	785,627	793,142	74,204	867,346	639	0	940,815	101.0
Oregon.....	1,591,196	1,588,074	600,637	607,309	85,355	692,664	352	400	974,013	101.1
South Dakota.....	456,540	455,118	213,071	202,583	21,548	224,131	0	295	252,240	95.1
Texas.....	3,485,872	3,503,275	2,292,933	2,309,367	221,495	2,530,862	740	919	1,192,249	100.7
Utah.....	2,210,337	2,082,995	593,762	621,170	166,249	787,419	612	240	1,460,973	104.6
Washington.....	3,053,246	3,012,891	817,963	837,228	132,506	969,734	54	859	2,174,750	102.4
Wyoming.....	1,196,363	1,199,465	599,592	605,637	88,172	693,809	375	792	592,661	101.0

1/ Includes Water Facilities loans to individuals and groups.

2/ Amounts reflected are cumulative obligations from inception of the program, including \$3,035,258 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.



(d) Farm Tenant-Mortgage Insurance Fund,
Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11 (a) and 12 (e) (2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946 (Public Law 731), which authorized the appropriation of not to exceed \$25,000,000 for the establishment of the mortgage insurance fund. The sum of \$1,000,000 was appropriated in the Department of Agriculture Appropriation Act, 1948, as the initial capital for this fund. This amount is supplemented by initial and annual charges collected from insured mortgagors and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected from insured mortgagors as the premium for insurance and such amounts as are appropriated under Section 11 (a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1954 available for administrative expenses in 1955 will amount to approximately \$322,000.

It is estimated that assets of the capital fund, including receivables and the amount of \$1,000,000 originally appropriated, at June 30, 1954, will be approximately \$2,400,000.

There was a steady increase in the number of farm ownership loans insured each year from the beginning of the program in October 1947 through the third quarter of the fiscal year 1951. However, the actual number of loans insured in 1952 and 1953 and estimated number for 1954 and 1955 reflect the current lack of investment capital as illustrated by the following table:

Initial Loans Insured by Fiscal Year

<u>Year</u>	<u>Number</u>	<u>Amount</u>
1948	338	\$ 2,412,837
1949	1,149	7,937,241
1950	2,191	16,586,859
1951	2,150	17,596,050
1952	1,105	10,563,677
1953	1,049	10,689,227
1954 (Estimated)	1,040	10,625,000
1955 (Estimated)	1,040	10,625,000

There are no employees paid from this fund.



(e) Disaster Loans, etc., Revolving Fund
Department of Agriculture

Summary of Activities and Changes in the Fund

	1953 <u>Actual</u>	1954 <u>Estimate</u>	1955 <u>Estimate</u>
Available funds:			
Balance from prior fiscal year....	\$32,620,545	\$17,321,743	\$29,754,743
Additions to fund:			
Appropriation	-	130,000,000	-
Loans repaid	29,726,500	42,300,000	77,608,000
Interest collections and other income	868,125	1,700,000	3,379,000
Total available	<u>\$63,215,170</u>	<u>191,321,743</u>	<u>110,741,743</u>
Obligations:			
Lending activities:			
Loans made	\$43,957,779	\$119,250,000	\$61,600,000
Administrative expenses	1,935,648	2,317,000	2,325,000
Transportation and other costs in connection with emergency feed furnished to farmers and stockmen	-	40,000,000	-
Balance available in subsequent year	17,321,743	29,754,743	46,816,743
Total accounted for	<u>\$63,215,170</u>	<u>\$191,321,743</u>	<u>\$110,741,743</u>

AUTHORIZATIONS

Production Disaster Loans: Public Law 38, 81st Congress, approved April 6, 1949, abolished the Regional Agricultural Credit Corporation of Washington and transferred its assets to the Secretary of Agriculture. The assets so transferred constitute a revolving fund from which emergency loans, for periods consistent with the borrowers' ability to repay, are made at 3 per cent interest to farmers and stockmen suffering production disasters when the Secretary determines that the area or region involved has suffered a production disaster and finds that agricultural credit is

not readily available from other sources. Public Law 38 also authorizes loans to bona fide fur farmers. This authorization expired June 30, 1953, but Public Law 255, approved August 13, 1953, authorized supplemental advances which are made at 5 per cent interest, to bona fide fur farmers where necessary to protect the Government's interest in existing loans outstanding.

Public Law 665, 81st Congress, provided for making loans to orchardists in the State of Washington who were unable to obtain credit from other sources. This authorization expired August 5, 1953.

Emergency Drought Assistance: Public Law 115, 83rd Congress, approved July 14, 1953, amended Public Law 38 to authorize additional assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed as follows:

1. Economic Disaster Loans. Loans at 3 per cent interest may be made in any disaster area declared by the President under Public Law 875 (42 U.S.C. 1855), if the Secretary finds that an economic disaster has also caused a need for agricultural credit that cannot be met temporarily by regularly established lending institutions, including the regular lending programs of the Farmers Home Administration.
2. Special Livestock Loans. For a period of 2 years subsequent to July 14, 1953, loans may be made at 5 percent interest to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing.
3. Emergency Assistance in Furnishing Feed and Seed. Feed for livestock or seeds for planting may be furnished to established farmers, ranchers, or stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 U.S.C. 1855). Under this authority feed grain and concentrates, principally cotton seed meal, corn, wheat, oats, and mixed feeds, are furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Service and special State and local drought committees.

Public Law 175, 83rd Congress, approved July 31, 1953, appropriated \$130,000,000 as an addition to the disaster loan revolving fund for the purposes of Public Law 115. Of this amount, \$40,000,000 was specified for the furnishing of feed including the charges already incurred under an allocation of \$8,000,000 from the President's Disaster Relief Fund, which was used to initiate the emergency feed program. In addition, \$20,000,000 was added to the regular production and subsistence loan funds of the Farmers Home Administration.

On November 16, 1953, pursuant to the authority of Public Law 875, 81st Congress, the President directed the Commodity Credit Corporation to furnish supplies of feed acquired by it in carrying out price support operations for use in the drought emergency program, such supplies to be furnished without reimbursement from presently appropriated funds. The directive was effective from the inception of the program on June 26, 1953. At the same time the President stated his intention to request Congress to take specific action for the purpose of reimbursing the Corporation for losses representing the difference between the value of the feed furnished under the directive and the sales price received by the Corporation. Under the directive, costs incurred by the Corporation in handling, processing, shipping, and otherwise distributing supplies of feed continue to be defrayed from the \$40,000,000 appropriated by Public Law 175 for supplying emergency feed.

As agreed in a meeting with the Governors of 12 drought disaster States on October 12, 1953, the Department is executing agreements with States to assist them in furnishing hay to eligible farmers. Under these agreements the Department contributes a definite sum to the State to defray one-half the cost of transportation of the hay (not to exceed \$10 per ton) and the State assumes full responsibility for purchasing and distributing the hay to farmers eligible under the emergency feed program. These agreements are authorized under Public Law 875 and are presently financed by an allocation from the President's Disaster Relief Fund. It is proposed to submit a supplemental estimate to permit financing this program from funds available in the disaster loan revolving fund, including reimbursement to the President's Disaster Relief Fund for obligations incurred under the allocation.

FINANCING

The following funds have been appropriated for this revolving fund since its inception:

For establishment of the revolving fund for production disaster loans and by transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the fund (Public Law 38, approved April 6, 1949)	\$45,494,334
Appropriated as a result of flood conditions in the Mid-West area (Public Law 202, approved October 24, 1951)	30,000,000
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed (Public Law 175, approved July 31, 1953)	<u>130,000,000</u>
Total funds appropriated	<u>\$205,494,334</u>

Total activity under the various authorizations to June 30, 1953, is as follows:

Type of loan	Principal Advances	Principal Repayments *	Principal Outstanding	Interest Payments	Percent Principal Repayment to Maturities
Disaster	\$124,368,361	\$71,212,827	\$53,155,534	\$2,028,820	91.3%
Fur	4,843,878	3,605,146	1,238,732	173,538	93.9%
Orchard	207,800	172,245	35,555	3,501	99.1%

* Includes \$6,828 write-offs and \$79,660 judgments.

Tables I and II, which follow, reflect loans made through June 30, 1953 by States, Funds available, and the purposes for which used.

1953 PROGRAM

Due primarily to the serious and widespread damage caused by drought during the summer of 1952, affecting all or portions of 27 states principally in the South and Southwest, and the Dakotas and some states in the Midwest and in New England, the heaviest volume of lending since the inception of the disaster loan program was experienced in the 1953 fiscal year. A total of 28,054 initial and 7,152 subsequent disaster loans were made during the year in the aggregate amount of \$43,099,739.

Some of the areas affected by drought during 1952 had experienced serious production losses as a result of excessive rainfall, floods, insect infestations, drought, or other similar catastrophes during one or more preceding years, thus aggravating the plight of farmers and stockmen in these areas. Other adverse weather conditions, including destructive tornadoes, floods, earthquakes, and hailstorms, occurring in spotted areas of the country during 1952 and early 1953, also caused serious production and farm property losses and resulted in a need and demand for assistance through disaster loans.

Disaster, fur, and orchard loans obligated during the fiscal year 1953 were as follows:

	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Disaster	28,054	\$34,676,335	7,152	\$8,423,404	35,206	\$43,099,739
Fur	49	217,325	82	549,540	131	766,865
Orchard	6	52,540	5	38,635	11	91,175
Total	28,109	\$34,946,200	7,239	\$9,011,579	35,348	\$43,957,779

1954 PROGRAM

The serious drought conditions of 1952 continued unabated in large areas of Texas, New Mexico, Oklahoma, Colorado, Kansas, and Arkansas. The drought of 1953 affected these states as well as portions of Kentucky, Mississippi, Missouri, Nevada, North Carolina, Tennessee, Utah, Virginia, West Virginia, and Wyoming. Acting to alleviate this critical situation, the Congress appropriated \$130,000,000 as an increase to the Disaster Loan Revolving Fund to carry out the purposes of Public Law 115. Of this amount \$40,000,000 was specified for use in furnishing feed and seed to farmers and stockmen in the seriously-affected areas. In addition, continuing needs for production disaster loans in other areas of the country due to damage from tornadoes, hailstorms, floods, and other destructive weather conditions are being met from funds previously made available to the Disaster Loan Revolving Fund.

1. Lending activities:

- (a) Production disaster loans: A substantial demand for production disaster loan assistance, as authorized by Public Law 38, is expected from other areas of the country. Tornadoes, hailstorms, floods, and other adverse weather conditions occurring during the spring and summer of 1953 resulted in a need for loans for production purposes and for restoration of damaged and destroyed farm buildings and other property. In addition, many of the present production disaster borrowers will require supplemental financing in 1954 in order to continue their operations.
- (b) Economic disaster loans: This source of credit provides for the temporary emergency needs of farmers operating in areas designated by the President pursuant to Public Law 875. Loans may be made at such rates of interest and on such general terms as the Secretary may prescribe. While it is difficult to determine at this stage the extent of the demand for this type of assistance, it is anticipated that economic disaster loans will be utilized in all of the designated areas and particularly in the Southwest drought areas.
- (c) Special Livestock loans: It is apparent that the demand for this type of credit assistance in the critical areas will be heavy. Large numbers of farmers engaged primarily in the production of livestock within the affected areas are in serious need of credit resources to preserve their livestock operations. For many, credit is not available through established sources for the purchase of feed to carry their present livestock herds, for the cost of reseeding permanent pastures, for planting temporary fall and winter grazing crops, for 1954 operating expenses, and for replacement of basic livestock lost as a result of drought conditions. These livestock loans are also available to eligible livestock operators in other areas of the Nation requiring such temporary assistance.

Table III reflects loans made during the fiscal year 1954 through December 31, 1953.

2. Emergency Assistance in Furnishing Feed and Seed:

Feed grain and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feeds are furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Service and special State and local drought committees. Prices paid by farmers are as follows: cottonseed meal, pellets, and cake, \$35 per ton; corn, \$1.00 per bushel; wheat, \$1.10 per bushel; oats, 50¢ per bushel; mixed feeds are sold at a price reflecting the reduced cost of any of the above ingredients.

As of December 31, 1953, this program was active in 695 counties in 18 States and certain designated areas of the Territory of Hawaii. In addition, there are 87 counties in an inactive status. County USDA Drought Committees have approved orders for feeds in the following amounts: cottonseed meal, pellets, and cake, tons; corn, tons; wheat, tons; oats, tons; and mixed feed tons.

The estimated obligations through this period for losses on sales of commodities (market price less cost to farmer) pursuant to the President's directive of November 16, 1953, totalled \$34,324,200. Estimated obligations for freight, distribution, and other costs as of December 31, 1953, which are payable from the \$40,000,000 provided by Public Law 175 were \$20,490,900.

On the basis of estimates submitted by States currently in the program, losses on sales pursuant to the President's directive will aggregate \$65,000,000 before commercial feed becomes available in the spring and the \$40,000,000 will have been obligated for freight, distribution, and other costs.

3. Emergency Assistance in Furnishing Hay:

The Department is executing agreements with the drought disaster States to assist them in furnishing hay to eligible farmers. Under these agreements, the Department contributes a definite sum to the State to defray one-half of the cost of transportation of the hay (not to exceed \$10 per ton) and the State assumes full responsibility for purchasing and distributing the hay. These agreements are authorized under Public Law 875, 81st Congress, and are presently financed by an allocation of \$10,000,000 from the President's Disaster Relief Fund.

As of December 31, 1953, agreements had been entered into with twelve States, as follows:

Arkansas	\$ 472,000
Florida (flood)	382,000

Kansas	\$ 971,000
Kentucky	524,000
Mississippi	72,000
Missouri.....	1,000,000
Nevada	40,000
North Carolina	80,000
Tennessee	532,000
Texas	704,000
Virginia	338,000
West Virginia	208,000
Total	<u>\$5,323,000</u>

It is contemplated that a supplemental estimate will be proposed to the Congress to permit financing this program from funds in the Disaster Loan Revolving Fund. The purpose of the proposed supplemental estimate is to reimburse the President's Disaster Relief Fund in the amount of \$10,000,000 which has been advanced to the Secretary of Agriculture for assisting the States in furnishing hay, and to make an additional \$10,000,000 available for allocation to States for the emergency hay program.

Table IV reflects activities under these two emergency feed programs through December 31, 1953.

ADMINISTRATIVE COSTS OF MAKING AND
SERVICING LOANS

Administrative expenses of the Farmers Home Administration charged to the Disaster Loan Revolving Fund during fiscal year 1953 totaled \$1,920,765. The fiscal year 1954 charges are expected to total \$2,300,000 of which \$300,000 will be used in connection with the making and servicing of about \$80,250,000 in economic disaster and special livestock loans authorized by Public Law 115, approved July 14, 1953.

The policy of absorbing within other resources, whenever possible, the added workload created by disaster loans will be continued in fiscal year 1954. Administrative expense charges are made to the Disaster Loan Revolving Fund only in those cases where the regular staff paid from the Farmers Home Administration Salaries and Expenses Appropriation is not adequate to absorb the added workload. Temporary employees are used to the greatest possible extent in making and servicing disaster loans where additional staff is required.



Table I - Disaster, Fur, and Orchard Loans Made Under Public Law 38,
1953 Fiscal Year and Cumulative From 1949

Table I - Disaster, Fur, and Orchard Loans Made Under Public Law 38,
1953 Fiscal Year and Cumulative From 1949

State and territory	Disaster loans										Fur loans									
	1953 fiscal year					1949 through 1953 fiscal years					1953 fiscal year					1949 through 1953 fiscal years				
	Initial		Subsequent			Number of borrowers	Total amount	Number of borrowers	Total amount	Initial		Subsequent			Number of borrowers	Total amount				
	Number	Amount	Number	Amount	Number					Amount	Number	Amount								
U. S. Total.....	26,060	\$34,728,875	7,157	\$8,462,039	80,303	-	5	6	149	\$217,325	82	\$549,540	323	\$4,749,389						
Disaster and Orchard.....	26,054	34,676,335	7,152	8,423,404	80,276	124,596,221	-	-	-	-	-	-	-	-						
Disaster only.....																				
Alabama.....	1,796	1,507,820	304	206,821	4,925	3,772,180	0	0	0	0	0	0	0	0						
Arizona.....	0	0	0	0	28	66,420	0	0	0	0	0	0	0	0						
Arkansas.....	2,570	4,083,910	674	984,081	8,471	17,211,746	0	0	0	0	0	0	0	0						
California.....	16	182,185	21	145,877	667	4,123,073	0	0	1	2,600	1	16,600	1	16,600						
Colorado.....	128	181,805	41	85,964	348	1,245,920	3	4,900	24	235,885	46	1,102,672	46	1,102,672						
Connecticut.....	0	0	0	0	25	95,415	0	0	0	0	0	0	0	0						
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Florida.....	72	283,030	8	50,900	384	2,516,415	0	0	0	0	0	0	0	0						
Georgia.....	1,191	1,807,505	162	197,950	6,530	7,733,007	0	0	0	0	0	0	0	0						
Idaho.....	22	31,291	8	31,291	102	483,454	2	6,400	2	7,500	16	81,940	16	81,940						
Illinois.....	2	36,180	3	1,835	59	82,940	0	0	0	0	0	0	0	0						
Indiana.....	10	8,885	1	302	37	23,852	1	6,750	0	0	0	0	0	0						
Iowa.....	6	3,790	1	548	268	216,053	0	0	0	0	0	0	0	0						
Kansas.....	169	199,975	108	120,800	1,349	1,646,037	0	0	0	0	0	0	0	0						
Kentucky.....	699	369,080	28	15,185	704	386,240	0	0	0	0	0	0	0	0						
Louisiana.....	931	1,076,405	132	151,810	2,129	3,466,179	0	0	0	0	0	0	0	0						
Maine.....	60	92,455	7	7,825	136	216,745	0	0	0	0	0	0	0	0						
Maryland.....	0	0	0	0	55	315,849	0	0	0	0	0	0	0	0						
Massachusetts.....	6	15,050	1	17,587	55	315,849	0	0	0	0	0	0	0	0						
Michigan.....	1	2,950	4	1,275	10	22,175	5	44,000	15	119,500	32	596,657	32	596,657						
Minnesota.....	1	385	1	935	611	441,189	0	0	0	0	0	0	0	0						
Mississippi.....	2,466	3,505,983	604	1,016,464	10,071	16,662,949	0	0	0	0	0	0	0	0						
Missouri.....	2,295	3,565,710	1,515	1,456,316	6,679	14,033,283	0	0	0	0	0	0	0	0						
Montana.....	47	93,730	15	34,331	289	641,991	0	0	0	0	0	0	0	0						
Nebraska.....	3	9,442	0	0	73	107,397	0	0	0	0	0	0	0	0						
Nevada.....	0	0	0	0	37	405,760	0	0	0	0	0	0	0	0						
New Hampshire.....	0	0	0	0	17	91,800	0	0	0	0	0	0	0	0						
New Jersey.....	0	0	17	41,530	177	582,713	1	1,000	0	0	0	0	0	0						
New Mexico.....	67	81,400	2	5,026	89	136,022	0	0	0	0	0	0	0	0						
New York.....	4	97,475	5	70,216	188	1,461,277	0	0	1	21,750	4	89,738	4	89,738						
North Carolina.....	1,348	994,040	50	105,435	3,051	2,257,195	0	0	0	0	0	0	0	0						
North Dakota.....	2,598	1,849,855	34	18,995	4,313	2,741,635	0	0	0	0	0	0	0	0						
Ohio.....	4	450	0	0	56	51,335	0	0	0	0	0	0	0	0						
Oklahoma.....	2,681	2,129,620	940	500,692	4,213	3,872,047	0	0	0	0	0	0	0	0						
Oregon.....	0	0	1	4,400	83	611,235	0	0	0	0	0	0	0	0						
Pennsylvania.....	29	25,865	0	0	29	25,865	2	5,000	1	1,000	3	14,012	3	14,012						
Rhode Island.....	2	1,000	0	0	16	81,395	0	0	0	0	0	0	0	0						
South Carolina.....	2,265	1,596,800	426	288,769	8,607	5,992,789	0	0	0	0	0	0	0	0						
South Dakota.....	1,034	797,200	65	431,225	2,444	1,851,513	1	5,000	0	0	3	15,000	3	15,000						
Tennessee.....	1,055	787,680	115	78,558	2,373	1,677,917	0	0	0	0	0	0	0	0						
Texas.....	4,446	9,049,330	1,744	2,362,646	9,773	22,619,855	0	0	0	0	0	0	0	0						
Utah.....	4	19,240	3	10,531	104	530,772	21	73,550	15	44,200	85	493,045	85	493,045						
Vermont.....	0	0	0	0	79	220,420	0	0	0	0	0	0	0	0						
Virginia.....	7	180,480	25	265,772	39	1,922,362	0	0	0	0	0	0	0	0						
Washington.....	5	30,980	15	82,791	76	457,565	4	34,850	16	85,615	34	449,310	34	449,310						
West Virginia.....	0	0	0	0	8	25,965	0	0	0	0	0	0	0	0						
Wisconsin.....	0	0	0	0	348	459,385	8	34,375	7	31,200	46	1,085,957	46	1,085,957						
Wyoming.....	17	44,695	10	15,561	133	863,510	1	1,500	0	0	1	1,500	1	1,500						
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Hawaii.....	0	0	0	0	54	76,130	0	0	0	0	0	0	0	0						
Puerto Rico.....	0	0	0	0	19	69,370	0	0	0	0	0	0	0	0						
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
Washington.....	6	52,540	5	38,635	27	253,725														
Orchard loans																				
Washington.....	6	52,540	5	38,635	27	253,725														
1/ Amount of initial and subsequent loans.																				

1/ Amount of initial and subsequent loans.

Disaster Loans, etc., Revolving Fund

Table II - Statement of Funds Available and Use by Fiscal Year from
Inception of Fund on April 16, 1949, to June 30, 1953, and
Estimates for Fiscal Years 1954 and 1955

	1949	1950	1951	1952	1953	1954 Estimate	1955 Estimated
Funds available:							
By appropriation:							
For establishment of revolving fund for production disaster loans and transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the fund (P. L. 38, approved April 6, 1949) 1/ ..	\$45,494,334:	- -	- -	- -	- -	- -	- -
For flood rehabilitation in the Midwest area (P. L. 202, approved October 24, 1951)	- -	- -	- -	\$30,000,000:	- -	- -	- -
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed (P. L. 175, approved July 31, 1953)	- -	- -	- -	- -	- -	\$130,000,000:	- -
Balance available from prior fiscal year	- -	\$44,257,538:	\$13,821,409:	15,436,291:	\$32,620,545:	17,321,743:	\$29,754,743
Receipts:							
Loan principal repayments:							
Production disaster loans	- -	1,293,772:	21,016,406:	19,215,624:	28,596,432:	33,960,000:	34,000,000
Economic disaster loans	- -	- -	- -	- -	- -	400,000:	12,000,000
Special livestock loans	- -	- -	- -	- -	- -	7,140,000:	31,000,000
Fur loans	- -	243,019:	1,282,416:	986,456:	1,034,172:	779,000:	592,000
Orchard loans	- -	- -	5,420:	92,245:	74,580:	12,000:	8,000
Regional Agricultural Credit Corporation loans	- -	18,624:	86,233:	41,694:	21,316:	9,000:	8,000
Interest and other collections	- -	74,812:	640,200:	673,210:	868,125:	1,700,000:	3,379,000
Total receipts	- -	1,630,227:	23,030,675:	21,009,229:	30,594,625:	44,000,000:	80,987,000
Total available	45,494,334:	45,887,765:	36,852,084:	66,445,520:	63,215,170:	191,321,743:	110,741,743
Obligations:							
Loans made:							
Production disaster loans	974,948:	29,833,887:	19,198,873:	31,488,775:	43,099,739:	38,484,000:	35,000,000
Economic disaster loans	- -	- -	- -	- -	- -	17,250,000:	6,300,000
Special livestock loans	- -	- -	- -	- -	- -	63,000,000:	20,000,000
Fur loans	239,442:	1,746,890:	1,093,702:	902,490:	766,865:	500,000:	300,000
Orchard loans	- -	- -	88,905:	73,645:	91,175:	16,000:	- -
Transportation and other costs in connection with emergency feed furnished to farmers and stockmen	- -	- -	- -	- -	- -	40,000,000:	- -
Administrative expenses	22,406:	485,579:	1,034,313:	1,360,065:	1,935,648:	2,317,000:	2,325,000
Total obligations	1,236,796:	32,066,356:	21,415,793:	33,824,975:	45,893,427:	161,567,000:	63,925,000
Unobligated balance	44,257,538:	13,821,409:	15,436,291:	32,620,545:	17,321,743:	29,754,743:	46,816,743

1/ In addition, net assets (other than cash) of \$363,811 were acquired from the Regional Agricultural Credit Corporation.



Disaster Loans, Etc., Revolving Fund

Table III. Loans Made, Fiscal Year 1954 to December 31, 1953

Prod. Dis., Fur, & Orchard Loans: Economic Disaster Loans: Special Livestock Loans			
FY 1954 to 12-31-53		FY 1954 to 12-31-53	
Number	Amount	Number	Amount
Alabama	42:	\$8,555:	9:
Arizona	-:	-:	11:
Arkansas	228:	192,695:	305:
California	9:	35,935:	12:
Colorado	78:	216,725:	110:
Connecticut	-:	-:	-:
Delaware	-:	-:	-:
Florida	11:	149,450:	30:
Georgia	24:	5,335:	26:
Idaho	-:	-:	10:
Illinois	-:	-:	2:
Indiana	2:	750:	7:
Iowa	-:	-:	-:
Kansas	261:	255,980:	74:
Kentucky	68:	49,790:	11:
Louisiana	104:	243,035:	3:
Maine	5:	6,750:	-:
Maryland	-:	-:	-:
Massachusetts	5:	23,250:	2:
Michigan	12:	54,330:	2:
Minnesota	2:	9,730:	2:
Mississippi	267:	342,945:	2:
Missouri	452:	332,920:	584:
Montana	6:	12,835:	70:
Nebraska	-:	-:	3:
Nevada	-:	-:	39:
New Hampshire	-:	-:	-:
New Jersey	-:	-:	6:
New Mexico	54:	77,325:	176:
New York	-:	-:	7:

(Continued on next page)

Prod. Dis., Fur, & Orchard Loans: Economic Disaster Loans: Special Livestock Loans									
FY 1954 to 12-31-53 : FY 1954 to 12-31-53 : FY 1954 to 12-31-53									
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
North Carolina	208	\$168,200	6	\$6,545			1	\$3,315	
North Dakota	6	2,160	-	-			4	17,135	
Ohio	-	-	-	-			5	7,790	
Oklahoma	685	699,371	-	-			145	1,802,200	
Oregon	-	-	-	-			2	74,230	
Pennsylvania	-	-	-	-			16	26,595	
Rhode Island	-	-	-	-			-	-	
South Carolina	160	204,520	-	-			1	7,870	
South Dakota	12	11,025	-	-			41	487,310	
Tennessee	74	38,060	-	-			8	11,925	
Texas	3,499	7,046,480	708	1,119,630			600	8,734,975	
Utah	2	2,500	-	-			30	496,195	
Vermont	-	-	-	-			1	3,180	
Virginia	36	30,575	8	18,080			57	152,870	
Washington	2	15,290	-	-			-	-	
West Virginia	-	-	-	-			16	11,320	
Wyoming	-	-	-	-			22	602,585	
Alaska	-	-	-	-			-	-	
Hawaii	-	-	-	-			5	47,675	
Puerto Rico	-	-	-	-			-	-	
Virgin Islands	-	-	-	-			-	-	
Total	6,314	\$10,236,516	832	\$1,412,290			2,457	\$24,739,020	

Table IV - Emergency Feed Program through December 31, 1953

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	Feed Grain and Concentrates			Commitments:			Number of Counties
	Obligations	for	Advances	to	States	for hay c/	
	Losses on	Freight					
	sales pur-	distribu-					
	tion to	tion and					
	President's	other					
	directive a/	costs b/					Active: Inactive
States designated under P. L. 875:							
Alabama	3,349:	\$78,700:	\$34,500:	-	-	-	11:
Arkansas	194,789:	4,747,800:	2,471,700:	\$472,000:			70:
Colorado	23,189:	541,900:	371,600:	-	-	-	11:
Florida d/	10,911:	291,500:	112,200:	271,000:			22:
Kansas	128,402:	2,821,100:	1,819,900:	971,000:			62:
Kentucky	20,025:	419,500:	273,700:	524,000:			80:
Mississippi	12,227:	269,400:	133,100:	72,000:			10:
Missouri	265,314:	5,800,500:	2,854,400:	1,000,000:			85:
Nevada	14,083:	321,900:	216,200:	40,000:			8:
New Mexico	104,945:	2,574,400:	1,537,300:	-	-	-	30:
North Carolina	15,467:	366,400:	133,000:	80,000:			20:
Oklahoma	122,966:	3,041,700:	1,743,000:	-	-	-	19:
Tennessee	61,617:	1,317,400:	607,000:	532,000:			57:
Texas	443,541:	10,935,900:	6,029,600:	704,000:			101:
Utah	1,236:	18,200:	27,000:	-	-	-	3:
Virginia	24,507:	583,700:	215,400:	338,000:			59:
West Virginia	2,726:	64,400:	31,100:	185,000:			42:
Wyoming	2,932:	54,300:	37,300:	-	-	-	5:
Hawaii	1,000:	25,100:	25,600:	-	-	-	e/:
Pelletizing cost on feed not yet distributed by States	xx:	xx:	67,300:	xx:	xx:	xx:	xx
Reserve for contingencies	xx:	xx:	1,750,000:	xx:	xx:	xx:	xx
Total, feed program	1,453,226:	\$34,324,200:	\$20,490,900:	\$5,189,000:	695:	87	

a/ On November 18, 1953, the President directed CCC to make available feed supplies from CCC inventory without reimbursement from present appropriations. The President indicated that he would request Congress to take specific action to reimburse CCC for losses incurred.

b/ Charged to \$40,000,000 appropriated by Public Law 175. The unused balance of this fund is \$19,509,100.

c/ Charged to allocation of \$10,000,000 from President's Disaster Relief Fund.

d/ The program in Florida is for Flood Relief.

e/ The leeward side of the major islands of Hawaii has been designated under the program. Four islands are now active under the program.

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STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Farm Tenant-Mortgage Insurance			
Fund, Department of Agriculture a/			
Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946	\$505,534	\$940,000	\$1,287,000
Allotments from:			
Disaster Loans, etc., Revolving Fund, Department of Agriculture a/			
For making emergency loans to farmers and stockmen and for other purposes in accordance with provisions of P.L. 38, as amended	46,140,436	121,838,500	64,057,450
Flood Prevention, Agriculture - For: general basin investigations ...	6,927	--	--
Total	46,147,363	121,838,500	64,057,450
Allocation (advances from) Foreign Operations Administration - For expenses in connection with training activities	8,537	8,300	--
Trust Funds:			
State Rural Rehabilitation Corporation Funds and State Rural Rehabilitation Funds, New Agreements: a/			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes under trust or other agreements between the Secretary and individual States as follows:			

(Continued on next page)

Item	: Obligations, : 1953	: Estimated : obligations, : 1954	: Estimated : obligations, : 1955
Trust Funds (continued)	:	:	:
Salaries and expenses	: 1,155,158	: 870,000	: 700,000
Undistributed charges	: 2,288,126	: 475,000	: 429,000
Loans	: 12,910,791	: 8,500,000	: 7,800,000
Total, State Rural Rehabil- itation Corporation funds:	: 16,354,075	: 9,845,000	: 8,929,000
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Salaries and expenses	: 131,790	: 140,000	: 103,000
TOTAL, OBLIGATIONS (OR ACCRUED EXPENDITURES) UNDER ALLOTMENTS AND OTHER FUNDS	: 63,147,299	: 132,771,800	: 74,376,450

a/ These items are on the basis of accrued expenditures.

PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1955 include the replacement of 7 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. As indicated, the vehicles are used primarily in connection with rural travel, much of which is over unpaved roads, and repair and maintenance records show that the maximum economic operation is reached at 60,000 to 65,000 miles. Thereafter, major overhauls are usually required to keep the vehicles in safe operating condition. It is estimated that the mileage on each of the 7 vehicles proposed for replacement in 1955 will range from 58,000 to 75,000 as of December 31, 1953, and will be at least 65,000 on each vehicle before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be \$230 during 1955, or a total of \$1,610. Another factor for consideration is that the sales value of the vehicles will decrease in proportion to increased age and mileage. It appears that a substantial economy will be effected if the 7 vehicles are replaced in 1955.

The Farmers Home Administration operates a total of 48 passenger motor vehicles. With the exception of one vehicle which is assigned to the Washington office for transportation of personnel to and from other Government offices and elsewhere on official business, the vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for the use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles which can be operated at an approximate total cost of less than 5 cents per mile including depreciation as opposed to use of privately owned automobiles costing 6 or 7 cents per mile, (2) strict adherence to the preventive maintenance requirements in order to avoid grounding of vehicles for unreasonable periods of time in non-use status, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical to do so.

Age and mileage data for the total number of passenger motor vehicles in the Farmers Home Administration as of December 31, 1953, is estimated as follows:

<u>Age-Year Models</u>	<u>Age Data</u>		<u>Mileage Data</u>	
	<u>Number of Vehicles</u>		<u>Lifetime Mileage</u>	<u>Number of Vehicles</u>
1947	1		0 to 20,000	11
1948	7		20,001 to 40,000	11
1949	6		40,001 to 60,000	15
1950	7		60,001 to 80,000	8
1951	7		80,001 to 100,000	3
1952	9		Total	48
1953	11			
Total	48			

OFFICE OF THE SOLICITOR

Purpose Statement

The Solicitor's Office was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate agency of the Department.

The Solicitor's Office, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the Department. The Solicitor represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He furnishes necessary review in connection with criminal cases arising under the programs of the Department for the purposes of referring them to the Department of Justice.

By special assignment of the Attorney General, the Associate Solicitor on Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Court of Appeals and the Supreme Court of the United States. The Solicitor issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 10 divisions in Washington, supervised by a deputy solicitor and 4 associate solicitors, each having 2 divisions, the Associate Solicitor on Litigation, and the Solicitor. The work in the field is performed by 12 field offices and 4 branch offices.

On November 30, 1953, the Solicitor's Office had 417 employees, of whom 253 were in Washington and the balance in the field.

	Estimated Available, 1954	Budget Estimate, 1955
Appropriated funds	a/ \$2,311,000	\$2,098,000

a/ Excludes \$50,000 transferred to other appropriations for penalty mail costs.



Salaries and Expenses

Appropriation Act, 1954	\$2,300,000
Transferred to "Salaries and Expenses, Office of Informa- tion" pursuant to P.L. 286 for penalty mail	-50,000
Transferred from "Administrative expenses, Commodity Credit Corporation"	+300,000
Activities transferred in 1955 Estimates from --	
"Agricultural adjustment programs, Commodity Stabilization Service" for legal work in connection with acreage allotments and marketing quotas	+38,000
"Agricultural Marketing Act, Agriculture" for legal services incident to research and marketing activities	+5,000
"Flood prevention, Agriculture" for legal services in connection with the flood prevention activities of the Department	+18,000
Base for 1955	2,611,000
Budget Estimate, 1955:	
Direct appropriation	\$2,098,000
Transfer from "Administrative expenses, Commodity Credit Corporation"	300,000
Total available	2,398,000
Decrease	a/ -213,000

a/ The decrease, compared with the 1954 appropriation before making transfer of \$50,000 to another appropriation for penalty mail costs pursuant to Public Law 286, is \$263,000.

SUMMARY OF DECREASES, 1955

Elimination of funds for legal work for the Farm Credit Administration	-46,000
Elimination of funds for processing new farm housing loans.....	-28,000
Reduction to be effected through a general curtailment of the amount of legal review given program activities of the Department	-139,000

PROJECT STATEMENT

Project	1953	1954 (estimated)	Decreases	1955 (estimated)
1. Agricultural credit	\$653,098	\$650,000	-\$173,000	\$477,000
2. Commodity credit, produc- tion, and adjustment programs	576,553	608,000	-15,000	593,000
3. Lands, forestry, research, and general legal services. :	472,589	473,000	-15,000	458,000
4. Marketing and regulatory laws	399,653	440,000	-5,000	435,000
5. Rural electrification and telephone programs	430,181	440,000	-5,000	435,000
Unobligated balance	49,418	- -	- - -	- -
Costs under Penalty Mail Act (P.L. 286)	[- 4]	[5,888]	[+742]	[6,630]
Total available	2,581,492	2,611,000	-213,000(1)	2,398,000

(Continued on next page)

Project	1953	1954 (estimated)	Decreases	1955 (estimated)
Received by transfer from				
"Administrative expenses,				
Commodity Credit Corpora-				
tion"	-206,469:	-300,000:	- -	-300,000
Subtotal	2,375,023:	2,311,000:	-213,000	2,098,000
Transfers in 1955 estimates				
from--				
"Agricultural adjustment				
programs, Commodity				
Stabilization Service".	- -:	-38,000:		
"Agricultural Marketing				
Act, Agriculture"	-4,573:	-5,000:		
"Flood prevention, Agricul-				
ture"	-18,426:	-18,000:		
Transfer to "Salaries and				
Expenses, Office of Informa-				
tion, Agriculture"	- -:	+50,000:		
Reduction pursuant to Section				
412	+3,976:	- -:		
Total appropriation or estimate:	2,356,000:	2,300,000:		

DECREASES

(1) The decrease of \$213,000 in this item for 1955 consists of the following:

(a) A reduction of \$46,000 by elimination of funds from this appropriation for the legal work of the Farm Credit Administration exclusive of cooperative research and service activities which remain in the Department of Agriculture, as a result of the enactment of the Farm Credit Act of 1953 (P.L. 202, 83rd Congress)

(b) A reduction of \$28,000 for processing of housing loans for which a loan authorization is not included in the estimates for the fiscal year 1955.

(c) An overall reduction of \$139,000 to be made by:

1. Reducing the number of attorneys in the field offices by consolidating the legal work at fewer geographical locations and the referral of some of this work to the Washington office. This will result in some surtailment in the attention given legal work handled for the Farmers' Home Administration, Forest Service, Soil Conservation Service, Federal Crop Insurance Corporation and the Commodity Credit Corporation.

2, Settling a greater number of cases without referral to the Department of Justice. This can be accomplished through the establishment of priorities of cases. Therefore, it will not be possible to consider a number of cases of lower priority and importance; and

3. Reducing the amount of services furnished certain types of borrowers, such as rural electrification and telephone, over and above that normally considered necessary in the lending of Government funds and protection of the security therefor.

A system of priorities will be established to insure that matters of greatest importance receive the necessary legal attention. It is recognized that there may be a number of referrals to which legal attention may not be given and backlog of cases may develop. It is believed, however, that this will not be serious as the work of the office is reasonably current and there will be opportunity to review the situation after such accumulation and before substantial losses could occur by reason of the running of the statute of limitations.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses * * * together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such expenses which several amounts not exceeding a total of [~~\$318,000~~] \$300,000 shall be transferred to and made a part of this appropriation.

This change in language proposes to decrease the amount which may be transferred to this appropriation from other appropriations, consistent with the proposal to transfer \$18,000 in the 1955 estimates from the appropriation "Flood prevention, Agriculture" to this appropriation for legal services in connection with the flood prevention activities of the Department.

STATUS OF PROGRAM

Current Activities: The Office of the Solicitor furnishes all of the legal services required in connection with the many and varied programs and activities of the Department in every State, territory and possession. The Secretary and other administrative officials are advised on legal problems which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of Department and related governmental policies and programs. This office is responsible for interpreting all existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department. Because the attorneys of this Office are intimately acquainted with the operations of the many programs, the statutes under which they operate, and the sources of available information, they are qualified to prepare the many complex cases for litigation and to assist the United States Attorneys in the trial thereof and are therefore, called upon to perform this essential service. In a number of appellate cases the Associate Solicitor for Litigation actually presents the oral argument.

Examples of recent developments: Recent activities illustrative of legal work performed during fiscal year 1953 are listed below by major functional groups.

1. Farm Credit Administration Programs: Prior to December 4, 1953, the date on which the Farm Credit Administration was transferred from the Department, this work consisted of rendering day-to-day legal services to the Governor, the four Commissioners in the Administration, and members of their respective staffs in the general supervision and control of the farm credit system and the general supervision and coordination of the work of the twelve district general counsel.
2. Farmers Home Administration Programs: The liquidation of the trusts under the transfer agreements between the Government and the State rural rehabilitation corporations under the Rural Rehabilitation Corporation Trust Liquidation Act was completed by May 4, 1953, the time limit prescribed by law. Agreements under section 2(f) of that act were prepared and executed in nine out of the ten trusts liquidated during the fiscal year. Nine amendatory agreements were also prepared and approved, replacing prior 2(f) agreements in other States.

Considerable legal work during the year involved the liquidation of secondary liens under the Farm Housing Program, the Water Facilities Program, and the Disaster Loan Programs.

The United States was successful in defending its mortgagee interest in two civil actions involving boundary line disputes in the State of Georgia. In one case, the United States as plaintiff petitioned for reformation of a deed because conveyances from the Government to two different purchasers described

the same piece of property. In the other case, the United States intervened to contest the claim of a third party arising out of an instrument of record purporting to affect the land, but which was found by the court to be ineffective as a prior recorded instrument.

3. Commodity Credit, Section 32 and School Lunch Programs: Legal services in connection with the activities of Commodity Credit Corporation involving price support, supply and foreign purchase, export (including wheat and flour pursuant to the International Wheat Agreement), and storage facilities programs have been required at a steadily increasing rate as, for example:

- a. Decreasing farm prices have brought increased farmer participation in price support programs during the 1953 fiscal year. Over 1,650,000 individual price support loans were made. This is 69 percent more loans than in 1952. Purchase agreements were entered into covering commodities with a price support value of \$258,000,000, an increase of 432 percent over 1952. Increasing inventories result in increased work in connection with the care and disposition of such stocks and legal work in connection therewith necessarily continues through subsequent fiscal years. The total dollar volume of business of the Corporation for 1953 was \$3,297,000,000, approximately 1-1/2 times that of 1952. During the fiscal year 1953 there were 25 price support programs. In connection with these programs there are prepared or reviewed many types of legal instruments such as chattel mortgages, notes, purchase and loan agreements, bulletins, announcements, instructions, regulations, and warehouse agreements and legal advice is rendered on daily operational problems. Forms of contracts are also prepared between the Corporation and dealers, processors, warehouseman and private lending agencies, and the Federal Reserve banks, since such agencies are utilized by Commodity Credit Corporation in carrying out its price support operations.

There were 12 purchase and donation, 8 export, and 5 diversion programs carried out by the Department of Agriculture during the fiscal year 1953 under the authority of section 32 of the Act of August 24, 1935, as amended. The office handled legal problems arising in connection therewith, including the preparation or approval of regulations and procedures, contracts, donation agreements and other legal instruments, and the dockets authorizing or amending the programs.

- b. There has been a steady increase in claims work and in litigation. Under its charter, the Commodity Credit Corporation, unlike many other government agencies, has authority to settle and adjust its claims. This calls for additional legal services to be performed by this

office, such as preparing memorandum opinions and settlement, assisting the Contract Disputes Board, negotiations with opposing counsel, etc. Claims which cannot be settled or collected through administrative procedures result in litigation. During the fiscal year 1950, 203 such cases were referred to the Department of Justice; during the fiscal year 1951, 234 cases; during the fiscal year 1952, 681 cases; during the fiscal year 1953, 1,931 cases were referred, nearly three times as many as during the previous fiscal year. On June 30, 1952, there were 1,108 Commodity Credit Corporation cases pending involving a total of over \$24,000,000. On June 30, 1953, there were a total of 1,787 such cases pending involving a total of over \$30,000,000.

- c. Legal assistance was also given in connection with programs for the purchase and distribution of commodities under section 6 of the National School Lunch Act. The dockets authorizing the programs were reviewed and contracts, procedures and regulations were drafted or approved.

Examples of recent litigation: Illustrative of the varied legal issues presented in such litigation described above are the following:

Grain Conversion Cases: Since January 1, 1951, there have been referred to this office 275 cases involving grain shortages due to conversion or other causes. Of these cases 221 have been transmitted to the Department of Justice for appropriate action, 85 of which were transmitted during the past fiscal year. In the cases referred to this office approximately \$4,000,000 has been collected and some 87 of the cases have been closed. There is a balance of some \$11,000,000 involved in those cases now pending in the Department of Justice. During the fiscal year 1953 approximately 25 percent of the amounts involved in the cases handled by this office was collected, including \$101,334.90 in the Kingston Farmers Exchange matter, \$65,945.67 in the George D. Bates case, and \$117,211.63 in the Farmers Cooperative Manufacturing and Mercantile Association matter.

Garden Grain and Seed Company, Inc., and Schroer Grain Company, are two of such proceedings in bankruptcy. The total of the Commodity Credit Corporation claims in these two proceedings is some \$215,000. With respect to each of these matters there are also two ancillary actions filed in the United States District Court concerning the liability of the warehouseman's surety to depositors of the converted grain and the question of Commodity Credit Corporation's liability, if any, to other depositors by reason of the possibility of its having been delivered more than its pro rata share of the grain in the warehouse during the period of the shortage.

O. L. Shannon, Herman Dawson, and Plains Grain and Storage Company are other such cases necessitating much work by this office on the criminal aspects, as well as the civil phases of the cases. In each of these three cases an appeal from the judgment of conviction was taken to the United States Circuit Court of Appeals which upheld the conviction in the Dawson and the Plains Grain and Storage Company cases. The conviction of Shannon (on second trial, jury unable to reach a verdict in first trial) has not yet been ruled upon by the Circuit Court.

Mid-State Products Company v. Commodity Credit Corporation: This action involves the purchases of dried egg powder during 1944 under contracts which originally provided a fixed price and were later amended to a cost plus basis. The plaintiff sought to have the amendment set aside on the basis of economic duress and ask for an additional \$165,000 calculated as the difference between the original purchase price and the amount paid on the cost plus amendment. The Corporation defended as to validity of the amendment and counterclaimed for approximately \$64,000.00 as overpayments because of improper determination of cost by the plaintiff. Since any determination as to costs would be immaterial if the amendment were set aside as invalid, the question as to the validity of the amendment was tried separately and determined in favor of the Corporation. The counterclaim has not yet been set for trial.

United States v. Galveston Wharves and Various Carriers: Some 20 separate suits were instituted for loss of grain either in transit or because of errors by Galveston Wharves in weighing the grain or failing to unload the cars properly. Preparation of these cases involved the drafting of the complaints and the review of several hundred documents showing the claims, weights and value of the grain. To preclude the defense of a limitation in section 2(b) of the commercial bills of lading on which the shipments were made, the suits had to be filed within a certain time period. It was necessary to do research on legal questions as to jurisdiction and as to the liability of the carrier and the elevator for the damages sustained by Commodity Credit Corporation. As a result of these efforts, the cases were settled by compromise, by payment of a total of 75 percent of the face amount of all the claims determined by this office and the Department of Justice to be in best interests of the Government. The payments were made by apportionment between the carrier and the Galveston Wharves.

Draper and Company, Inc. v. Commodity Credit Corporation: This case involved a claim against the Commodity Credit Corporation for damages in the amount of \$75,000 arising out of the rejection by the Corporation of foreign produced wool because tender of delivery was not properly made "in

bond" as required by the contract. This office prepared many of the documents necessary in the defense of the action including the Answer, Counterclaim, Amended Counterclaim, Motion for Summary Judgment, together with affidavits of witnesses, Trial Brief, and Reply Brief.

Appellate litigation in connection with Commodity Credit Programs:

In Seabrook Farms Company v. Commodity Credit Corporation it was held by the United States Court of Appeals for the Third Circuit that Seabrook Farms was entitled to receive payments on a large quantity of processed peas under subsidy contracts with the Commodity Credit Corporation. As a condition for receiving subsidy payments, Seabrook Farms was required, under the subsidy contracts, to make an absolute sale accompanied by the transfer of title to the processed peas on or before June 30, 1946. The contract of sale entered into by Seabrook Farms with the purchasers of the peas specified that title to the peas "shall pass to the buyer immediately upon delivery to the initial carrier at the point of origin." It was unchallenged that the peas were delivered to the initial carrier subsequent to June 30, 1946, but the Court held, nonetheless, that title to the peas had passed prior to June 30, 1946, and that Seabrook Farms was entitled to the subsidy payments. However, the judgment of the District Court was vacated and the case remanded with respect to whether, under the evidence, there is any liability on the part of Commodity Credit Corporation for approximately \$18,000 in interest. Other issues in the case relate to whether a typewritten provision in the contracts conflicts with and prevails over a printed provision, and whether the term "f.o.b." delivery at a designated place signifies that title passes on delivery of the goods to the carrier at that place, and whether the cumulative significance of the evidence demonstrates that certain sales were to an "affiliate" of the vendor.

The case of St. Paul Mercury Indemnity Company v. United States, 201 F. 2d 57, was decided on December 12, 1952, by the United States Court of Appeals for the Tenth Circuit. This action was instituted to recover damages from a warehouseman for breach of the Uniform Grain Storage Agreement with the Commodity Credit Corporation, and the claim was also asserted against the warehouseman's surety on a statutory bond. The appellate court affirmed the judgment of the District Court in favor of the Government. It was held that the warehouseman failed to use due care in the storage of grain of the Commodity Credit Corporation. Further, some of the grain had been converted, and even though the purchaser of the grain made a settlement of the Government's claim in this respect, including the settlement of another claim that had been assigned to the Government, it was held that the dismissal of the action against the purchaser was no ground, under the circumstances, for relieving the warehouseman and his surety for the remainder due to the Government. In

addition, interest was allowed on the Government's claim.

4. Production and Adjustment Programs: Legal services rendered in connection with the Federal Crop Insurance Corporation, sugar quota and payment program, agricultural conservation program, naval stores conservation program, farm marketing quota and acreage allotment programs, import quotas under Section 22 of the Agricultural Adjustment Act (of 1933), International Wheat Agreement, renegotiation of trade agreements, application of the General Agreement on Tariffs and Trade to the departmental programs involved matters concerning:
- a. Farm marketing quota and acreage allotments in effect with respect to the 1953 crop of peanuts and 7 kinds of tobacco.
 - b. The collection of delinquent crop insurance premiums.
 - c. Violations of the peanut and tobacco marketing quota programs, including also a number of cases remaining under the 1950 cotton marketing quota program.
 - d. Drafting of regulations and contracts and handling of claims for indemnities under an expanded crop insurance program. The number of county insurance programs offered increased from 868 in 1952 to 922 in the 1953 crop year with a slight increase in the number of policyholders.
 - e. Proceedings before the U. S. Tariff Commission investigating the need for import quotas and fees under Section 22 of the Agricultural Adjustment Act of 1933. Recent proceedings have resulted in imposition of quotas or fees on imports of certain dairy products, peanuts and peanut oil, and flaxseed and linseed oil.
 - f. Drafting several proposed amendments to the Agricultural Adjustment Act of 1938, as amended, **the Federal Crop Insurance Act**, as amended, and the Soil Conservation and Domestic Allotment Act, as amended.

Appellate litigation in connection with production and adjustment programs:

In Lee v. Roseberry, 200 F. 2d 155 (C.A. 6), the issues relate to the Joint Resolution of March 31, 1944, providing for a so-called one-acre minimum tobacco acreage allotment under the Agricultural Adjustment Act of 1938. The case was on appeal from the judgment of a regular District Court, but previously the litigation had also been presented to a three-judge District Court. It was held by the Court of Appeals that it was without jurisdiction to review the judgment of the three-judge District Court - as to which an appeal could have been taken to the Supreme Court - and that inasmuch as the plaintiff failed to show legal injury from

the enforcement of the one-acre minimum acreage allotment statute, the issue as to its constitutionality was not properly before the Court for determination.

5. Forestry and Lands Programs: Legal work and assistance performed in connection with the Forestry and lands programs of the Department included matters involving:
 - a. Numerous mining claims of doubtful validity embracing national forest lands withdrawn from the public domain; and the prosecution of civil actions, arising out of damages to acquired land in national forests due to improper or unlawful mining operations.
 - b. Legislation and legislative reports covering forest, range and watershed research programs. Also, the so-called Stockmen's Bill which, if enacted, would give to permittees holding preferences on the national forests vested rights and preferred uses, and the proposed revision of the mining laws to protect surface values within the national forests.
 - c. Preparation of grazing regulations of the Secretary under the Granger-Thye Act of April 24, 1950 (64 Stat. 88, 16 U.S.C. 580-1).
 - d. Revision of departmental publication relating to the law of water rights in the western states.
 - e. Sale of farm units in water conservation and utilization projects, including the drafting of forms of deeds, mortgages, releases, and other documents.
 - f. Procurement of emergency access road right-of-way easements in the States of Montana and Idaho for use in the removal of insect-infested timber.
6. General Legal Services: Furnishing legal advice and assistance in connection with general departmental administration and the activities of the Agricultural Research Service included such recent developments as follows:
 - a. The establishment by the President of the new personnel security program required considerable legal work. Interpretations were given of the Executive order and drafting work, including negotiations with the Department of Justice, was performed on intradepartmental regulations for carrying the order into effect. Members of this office were given special assignments as legal officers for Departmental purposes under the program and a system of review has been initiated whereby such members will participate in recommendations leading toward suspension or dismissal of persons whose employment is not clearly consistent with the interests of national security. In accordance with the Executive

order, work on the loyalty program was terminated. In this connection, for a considerable period, much assistance was rendered in closing out pending loyalty cases.

- b. The presentation to Congress and its approval of Re-organization Plan 2, 1953, required considerable legal assistance during the time it was being considered in Congress in advising as to the potential legal effect of the plan and interpreting the plan after it became effective. New documents providing for delegation of powers and the implementation of new offices created by the plan were prepared. Further implementation of the plan required the initiation of drafting of documents providing for assignment and coordination of functions of the various agencies of the Department.
 - c. The enactment of the Extension Service Act of 1953 (Smith-Lever Act of 1914, as amended), which constituted a complete consolidation of all authorities relating to cooperative agricultural extension work.
 - d. The Department instituted a new formal procedure for appeal resulting from the revision of the United States Standard Form of Supply Contracts. The procedure provides for a Board of Review to hear cases and recommend disposition thereof. As legal adviser to this Board in such cases, a member of this office assisted in presenting evidence, preparing necessary papers, and advising the Board on legal issues which came before it.
 - e. This office participated in drafting a revision of a research contract form with representatives from the land-grant colleges and with the administrative officials of the Department. In the interest of simplifying procedures, a legal review of individual memoranda of understanding between this Department and other public and private agencies was eliminated, if the forms used had been previously approved.
 - f. The outbreak of foot-and-mouth disease in Mexico in May 1953, causing the reactivation of this activity in Mexico, presented many new problems. The planning of the new foot-and-mouth laboratory on Plum Island required legal assistance in contracting and other negotiations.
7. Marketing and Regulatory Laws: The volume of legal work performed during the fiscal year 1953 in connection with the regulatory laws administered by the Department in general continued at the level prevailing in the fiscal year 1952 with an increase in certain programs as indicated by the following examples:
- a. During the fiscal year 1953, four new milk orders were made effective, resulting in 76 active programs (49 milk and 27

in the fruit, vegetable, nuts, tobacco and hog cholera-serum and virus field) at the close of the fiscal year as against 72 programs at the end of the fiscal year 1952.

- b. In addition to the normal work load, including administrative and court proceedings under the Packers and Stockyards Act, a substantial amount of work has been done on extensive revision of the regulations under the act involving numerous rule-making hearings throughout the country. The proposed revised regulations will impose substantive requirements not heretofore provided for, and will undoubtedly result in an increase in the volume of legal work consisting principally of interpretations to the regulations and representing the Department in administrative and court proceedings.
- c. During fiscal year 1953 under the Perishable Agricultural Commodities Act 250 cases were instituted, as compared with 224 instituted in 1952 and 170 in 1951. Although 235 were disposed of during the year, there was an increase in the number of cases pending at the end of the year to 169 cases as against 154 cases at the end of 1952.
- d. The increase in the voluntary and mandatory use of official standards in the commerce of the country has resulted in the necessity of promulgating standards for new commodities and more frequent amendments to existing standards, with resultant increases in the legal work required. The increasing importance of the availability of inspection service in the conduct of business, and the importance of grade certification in price determination has resulted in an increase in the administrative proceedings in matters of denial of inspection service and in court proceedings.

There are presently pending three major administrative proceedings relating to the New York Milk Marketing Order as follows:

- a. A proceeding involving comprehensive appraisal of the complicated marketing problems of the New York-New Jersey Milk Marketing Area which has involved over two months of hearings, with thousands of pages of records to be analyzed.
- b. A proceeding involving the question of cooperative payments under the order which is presently the subject of litigation. This hearing lasted approximately two weeks, resulting in a substantial record covering the whole field of the place of the cooperative in milk marketing.
- c. A proceeding involving proposed comprehensive changes in the milk order including the subject of compensatory payments, which is presently being challenged in a substantial

number of adjudicatory proceedings, and the question of pricing of out of market trade, which is presently the subject of court litigation. The office is engaged in a comprehensive factual and legal analysis of the issues involved not only as they relate to the New York market but to the general field of Government relation.

The trend, which became apparent during the fiscal year 1952, of demands for milk marketing orders in new and distant areas continued in 1953 resulting in further increase in the travel requirements of attorneys in handling administrative proceedings, and litigations arising under such programs. The increase in the number of programs accentuates the problems of inter-market relationships, resulting in the need for more frequent consideration of amendments.

Examples of appellate litigation in connection with marketing and regulatory laws:

On February 20, 1953, the United States Court of Appeals for the Sixth Circuit held, in Interstate Commerce Commission v. Yeary Transfer Company, Inc., 202 F. 2d 151, that redried tobacco is an agricultural commodity as distinguished from a manufactured product, and that therefore the Commission did not have authority to regulate motor vehicles carrying redried tobacco. The Secretary of Agriculture filed a brief with the Court in support of the position that the Commission lacked statutory authority to regulate motor vehicles carrying redried tobacco.

The United States Court of Appeals for the Ninth Circuit decided the cases of Carlo Panno v. United States and Evans Brothers Packing Company v. United States, 203 F. 2d 504, on March 30, 1953. In these criminal proceedings the defendants were charged with intrastate sales of oranges in excess of their prorated allotments under the Agricultural Marketing Agreement Act of 1937. The defendants contended that (1) their local sales did not "directly affect" interstate commerce, and (2) with respect to this issue the trial court should have received evidence and then decided whether the Government had proved "beyond a reasonable doubt" that these sales by the defendants directly affected interstate commerce. The appellate court held that the Secretary's order, regulating all such local sales, was presumptively valid; that the defendants could challenge the validity of the order only by means of an administrative hearing under section 8c(15)(A) of the Act, and the failure of the defendants to file a petition for an administrative adjudication as to the validity of the order precluded them from urging the point by way of defense in a criminal proceeding. The Court also held that criminal sanctions may be imposed on a partnership as an entity and also on the individual partners. With respect to

the fines imposed on an individual defendant, it was held that although the statute merely authorizes a fine, nonetheless, a defendant may be imprisoned "until such fine is paid or he is otherwise discharged by due course of law."

Important issues with respect to a "corner" on the egg market at the Chicago Mercantile Exchange were involved in Great Western Food Distributors, Inc. v. Bramman, 201 F. 2d 476 (C.A. 7), certiorari denied, 345 U.S. 997. In this litigation under the Commodity Exchange Act, the appellants' trading privileges were suspended on all contract markets. The Court held that a "corner," even though not defined in the statute, is an executed plan of manipulation which occurs whenever a trader or a group of trader obtains control of a commodity or of a commodities futures market and compels the sellers, i.e., the shorts under the futures contracts to settle their contracts with the cornerer at an arbitrarily high price, and that control over the futures market can occur through the purchases of long contracts on the Exchange in excess of the deliverable supply or by the purchase of the available physical supply, or by a combination of both. Fresh eggs and refrigerator eggs stored in Chicago or in approved warehouses elsewhere, were deliverable, under the Rules of the Exchange in satisfaction of the futures contracts, but the Court held that a corner could occur without controlling the fresh eggs or eggs stored outside of Chicago because of the "economic impediments" which existed relative to their delivery. Several other important issues are also involved in this litigation, and the Supreme Court denied the petition for review.

8. Rural Telephone and Rural Electrification Programs: The legal services performed in connection with these two programs have become more complex and diverse and have increased markedly in volume. Despite these increasing demands on legal services, organizational realignments and simplification of procedures have been effected and made it possible to perform essential services with less personnel than was utilized during any other time during the last decade. The basic approach has been, necessarily, to utilize available personnel for the accomplishment, first, of essential legal services incident to the credit and security-protection functions of the REM program - utilizing only the remaining time of available personnel for legal work incident to the accomplishment of the basic program objectives. The services rendered involved such matters as the following:

- a. With the acceleration of the rural telephone program, the preparation and execution of the basic loan and security documents necessary in connection with the loans comprised a formidable workload which was not susceptible of postponement or development of a backlog. Moreover, such workload is merely the beginning of the many legal services which

must be completed prior to the advance of funds pursuant to the loan. With many loans involving acquisitions of existing facilities under short term options, and with limited construction seasons available in many areas, delays in preparation of the loan and security documents or in the performance of the legal services prerequisite to the advance of loan funds could prove costly and also impede the program seriously. Requests for legal assistance in connection with public service commission proceedings, closing of acquisitions, drafting of corporate organizational documents and of operating agreements have been fulfilled only in isolated cases of the utmost urgency. In addition to the increased workload incident to the making of the loans and advance of funds, however, additional legal services are being required as many borrowers reach the construction and operating stage. Examples of frequent and complex agreements which have required legal services, in addition to the construction contracts, are interconnection agreements, including, toll, operator assistance, and extended scope agreements, switching service agreements, and joint-use agreements.

- b. During the fiscal year 1953 economies were effected primarily through the transfer of additional responsibility to the borrowers. Nevertheless, as the rural electrification program attains greater maturity, the number of loans from a given aggregate amount of loan authorization have increased. From the viewpoint of the preparation of loan and security documents the legal workload has not diminished inasmuch as it is the number of loans rather than the dollar-loan authorization which has the greater effect upon the legal workload. An additional factor which contributes to the increased activity in respect of legal services in connection with the rural electrification loan is the increased number of complex problems encountered in connection with each loan or loan proposal, particularly those involving: (a) the extension of electric service into the thinner and pocketed areas and (b) power, operating or leasing arrangements with power companies or other federal agencies. With the discontinuance of defense production controls on materials and the greater abundance of critical materials, construction work has spurted with corresponding increase in legal services required in connection with special construction and materials contracts and negotiations with suppliers. During the year, REA embarked upon a program of rescinding prior loans or loan funds which were excess to the needs of borrowers. The legal problems involved in connection with this program were numerous and imposed an additional workload on this office.

Recent litigation:

In the protection of the Government's security interests and

the furtherance of the objectives of both the rural electrification and rural telephone programs, assistance was rendered to borrowers in litigation both in courts and before regulatory bodies in a wide variety of matters. Worthy of special note were the following examples of court and public service commission cases affecting the Government's interests during the year.

In a suit brought in the United States District Court for the District of Columbia by ten Midwestern power companies to enjoin further action by the Secretary of Agriculture, the Administrator of the Rural Electrification Administration and other Government officials in connection with loans aggregating more than \$50,000,000 for the construction of electric generation and transmission facilities involved in lease and power interchange agreements between REA borrowers and Southwestern Power Administration, a separate trial on issues of legality of the contracts under the Rural Electrification Act and the Flood Control Act, lasting three weeks, was held in the fall of 1952. A decision was issued thereon in June of 1953, which upheld the lawfulness of the loan contracts entered into by REA in respect of basic questions relating to the meaning of "central station service" and "rural areas," as these terms are used in the Rural Electrification Act, the permissibility of the financing of acquisitions of existing utility properties as a means of achieving this Act's objectives, and arrangements for the disposition of incidental surplus power by REA borrowers.

As a result of a recent loan to New Hampshire Electric Cooperative in the amount of \$2,200,000, about half of which is to be advanced by this Cooperative to its subsidiary, the White Mountain Power Company, applications were filed with the New Hampshire Public Utilities Commission for orders approving a variety of matters, including not only the issuance of a certificate to the Cooperative and approval of the execution of notes to the Government, but also the issuance of notes and stock by White Mountain Power Company to the Cooperative (which would be pledged by the Cooperative to the Government) to evidence the Cooperative's advances to the Company, involving extended discussions, prior to formal hearings before the Commission, with the Commission and its staff, involving the capital structures of the two utilities, rates of return, division of new construction, interim arrangements between the Cooperative and the Company, the use by the Company of "depreciation funds" in connection with such interim arrangements and similar difficult and complicated public utility financing problems.

In a number of Circuit Court cases in Missouri in which REA-financed cooperatives undertook to exercise their statutory right to condemn, challenge as to the constitutionality of this statutory grant was interposed and considerable assistance was rendered by this office on this basic constitutional question. The lower court decisions that were rendered were in some instances favorable and in two instances unfavorable.

The Supreme Court of Arkansas in an appeal by Arkansas Electric Cooperative, an REA borrower, from the action of an Arkansas Circuit Court setting aside, at the instance of certain Arkansas power companies, the grant to the Cooperative by the Arkansas Public Service Commission of a certificate of convenience and necessity authorizing the construction of an REA-financed generating plant and transmission system, in connection with power exchange and lease and operating contracts between the Cooperative and Southwestern Power Administration held that under the Cooperative Enabling Act which authorized service to members only, SPA was not eligible for membership and that furthermore SPA was not, under the Federal Flood Control Act, authorized to purchase from the Cooperative steam generated power.

In January of 1953, the Indiana Supreme Court, in an action that had been brought by an REA-financed borrower for damages provided for by Indiana Statute for construction by others in territory allotted to the Cooperative, held such statutory provision unconstitutional as violative of equal protection of law.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Allotments from:			
Disaster Loans, etc., Revolving			
Fund, Department of Agriculture-			
For legal services in connection			
with disaster loans, fur loans,			
and the liquidation of the			
Regional Agricultural Credit			
Corporation assets	\$14,647	\$17,000	\$25,000
Salaries and Expenses, Defense			
Production Activities, Agri-			
culture - For legal services in			
connection with defense pro-			
duction activities	17,575	--	--
Total	32,222	17,000	25,000
Working Funds (advances from other			
agencies):			
Agricultural Research Service - For:			
legal services to assist in the			
program for the control of foot-			
and-mouth disease conducted			
cooperatively by the United			
States and the Republic of			
Mexico as may be mutually agreed			
upon	3,000	--	--
Obligations Under Reimbursements			
From Governmental and Other			
Sources:			
Salaries and Expenses	1,595	1,400	1,400
TOTAL, OBLIGATIONS UNDER ALLOTMENTS			
AND OTHER FUNDS	36,817	18,400	26,400

OFFICE OF THE SECRETARY

Purpose Statement

The Department of Agriculture was established as an executive department by the Act of May 15, 1862. The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs the work of the Department, formulates and develops policy; integrates the several programs of the Department, maintains departmental relationships with agricultural organizations and others in the development of farm programs, renders administrative decisions in regulatory proceedings pertinent to Department programs, and maintains close liaison with members of Congress on all matters pertaining to legislation and policy in order to insure effective performance of the agricultural programs.

The following offices assist the Secretary and his immediate staff in the discharge of specific departmental functions:

THE OFFICE OF PERSONNEL was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary having responsibility for the personnel management program of the Department. This program includes classification, job evaluation, salary and wage administration, hours of duty, recruitment, placement, retirement, separations, leave, employee relations, training, safety, organization, incentive and awards programs, investigations and health. The Office has responsibility for the development of personnel policy for the Department, and for executing and interpreting the intent and policies expressed in over 200 laws, various executive orders, and the rules, regulations, policies and decisions of the several agencies of the Government in the field of personnel management. In carrying out these responsibilities, the Office delegates substantial authority to agencies within the Department for the operational phases of the appointment, classification and disciplinary activities. Policy and basic procedures developed by the Office are carried out through agency personnel offices. In addition to the continuous day to day contacts on specific problems, the Office conducts a systematic and periodic review to insure unification of the personnel management program and to measure its effectiveness and how well it serves the agencies' personnel management requirements.

THE OFFICE OF BUDGET AND FINANCE was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary in carrying out departmental functions relating to over-all administration of the budgetary, procurement, and fiscal affairs of the Department. It has responsibility for providing leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds; accounting; auditing; budgetary and financial reporting; organization and management of budget, fiscal, and procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment; and related activities. It coordinates, in the field, the activities of Area Agricultural Equipment Committees to insure maximum effective utilization of administrative supplies and equipment owned and procured by the Department.

The Office also has responsibility for formulating and promulgating departmental policies and procedures relating to the above functions, including the review and evaluation of program and legislative proposals for budgetary, financial, and related implications, and, in cooperation with staff and program agencies, for obtaining improvements in the management and operation of work programs administered by the Department. The Office acts as Department liaison on all such matters with the Bureau of the Budget, General Services Administration, General Accounting Office, Treasury Department, and others. It also provides liaison with Congressional Committees on Appropriations.

THE OFFICE OF PLANT AND OPERATIONS was established by Secretarial order on March 1, 1939. It exercises general direction of the housing of the Department's activities, including technical services incident to the design and approval of construction projects related thereto, contractual authority as it pertains to the leasing of commercial space and all matters concerned with the disposition of surplus real property; and is responsible for administration of the records management program for the Department, including the coordination of records management activities of all agencies of the Department. The Office serves as Department liaison with other Government agencies on matters pertaining to its functions. The Office performs administrative service functions for the Office of the Secretary and also operates certain Departmental services in the District of Columbia, including telephone, telegraph, photographic, duplicating, addressing and mailing, central storage and distribution of supplies and forms, motor transport service and the Departmental post office.

THE OFFICE OF HEARING EXAMINERS was established by the Secretary on December 9, 1946, to carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department. In general, the examiners make reports, recommend decisions, and perform such related duties as are required by the Administrative Procedure Act, and statutory provisions, regulations, and rules of practice applicable to their work.

On November 30, 1953, employment in the staff offices comprising the Office of the Secretary consisted of 516 employees, 509 of whom were in Washington and 7 in the field.

	Appropriated, <u>1954</u>	Budget Estimate, <u>1955</u>
Appropriated funds	\$2,138,000	\$2,119,000

(a) Salaries and Expenses

Appropriation Act, 1954	\$2,188,000
Transfers from other appropriations (shown in detail in project statement below)	+101,280
Base for 1955	2,289,280
Budget Estimate, 1955:	
Direct appropriation	2,119,000
Transfers, 1955, from other appropriations (shown in detail in project statement below)	84,280
Total available, 1955	2,203,280
Decrease	-86,000

SUMMARY OF INCREASES AND DECREASES, 1955

Decrease in flood prevention work (Elimination of transfer from the item "Flood prevention, Agriculture")	-17,000
Increase to provide for expenses of the Assistant Secretary for Marketing and Foreign Agriculture	+13,448
Reduction in personnel services to agencies of the Department	-37,500
Reduction in departmental budgetary, fiscal, and procurement activities	-34,830
Elimination of certain technical advisory services to agencies of the Department	-21,618
For travel and subsistence expenses of members of the National Agricultural Advisory Commission	+11,500

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
1. General administration	\$538,422	\$513,103	-\$3,552(1)	\$509,551
2. Personnel administration and service	524,046	522,609	-37,500(2)	485,109
3. Budgetary and financial administration and service	727,885	725,103	-34,830(3)	690,273
4. General operations	451,820	455,223	-21,618(4)	433,605
5. Office of Hearing Examiners	67,855	73,242	- -	73,242
6. National Agricultural Advisory Commission	- -	- -	+11,500(5)	11,500
Unobligated balance	25,935	- -	- -	- -
Costs under Penalty Mail Act: (P. L. 286)	[- -]	[3,900]	[+500]	[4,400]
Total available	2,335,963	2,289,280	-86,000	2,203,280

(Continued on next page)

Project	1953	1954 (estimated)	Increases or Decreases	1955 (estimated)
Transferred from:				
"Administrative expenses,				
Commodity Credit				
Corporation"	-83,980:	-84,280:	- -	-84,280
"Flood prevention, Agri-				
culture"	-24,850:	-17,000:	-17,000	- -
Reduction pursuant to				
Section 412	+2,867:	- -	- -	- -
Total appropriation or				
estimate	2,230,000:	2,188,000:	-69,000	2,119,000

INCREASES AND DECREASES

(1) General Administration - a net decrease of \$3,552 composed of:

(a) Decrease of \$17,000 in Flood prevention work. (Elimination of transfer from the item "Flood prevention, Agriculture")

Certain activities with respect to the development of policy and securing interdepartmental coordination relating to flood prevention work have been conducted by an assistant on the staff of the Assistant Secretary. This work will be carried on in the Soil Conservation Service under over-all guidance of the Assistant Secretary for Federal-States relations. Accordingly, it is proposed to eliminate the transfer from the item "Flood prevention, Agriculture" in fiscal year 1955.

(b) Increase of \$13,448 to provide for expenses of the Assistant Secretary for Marketing and Foreign Agriculture

Need for Increase: In accordance with the organization of the Department at the beginning of the fiscal year 1954, the salary and expenses of the Assistant Secretary who served in a dual capacity of Assistant Secretary and Director of the Foreign Agricultural Service was paid from the appropriation of that Service. Under the reorganization of the Department, effective November 2, 1953, an Agricultural Marketing Service was established which, together with the Foreign Agricultural Service and the Commodity Exchange Authority, compose the Marketing and Foreign Agriculture group under the supervision of an Assistant Secretary. This group brings together all marketing and distribution functions of the Department and has primary responsibility for matters pertaining to agricultural trade and relationships with foreign countries. In view of the multiple responsibilities involved, the Assistant Secretary in charge of this group should be paid from the appropriation for the Office of the Secretary as in the case of other Assistant Secretaries. It is estimated that the cost of the salary of this Assistant Secretary and necessary secretarial and travel expenses will total \$23,000. However, savings in the amount of \$9,552 in certain miscellaneous expenses of the immediate Office of the Secretary makes it necessary to request an increase of only \$13,448 for this purpose in 1955.

(2) Personnel Administration and Service - A decrease of \$37,500 in personnel services to agencies of the Department.

During the fiscal year 1955, the Office of Personnel will effect a reduction of 7 positions amounting to \$37,000 in personal services and \$500 in travel expenses. 2 positions will be abolished in the overall personnel management activities; 1 position in the administration of salary and wage administration, classification specifications, and allocation of positions activities; 1 position in the investigation of misconduct and other irregularities activities; 1 position in the recruitment, placement, retirement, separation and leave activities; 1 position in the emergency on-the-job treatment and other health services activities; and 1 position in administrative service activities. \$1,200 of this reduction is due to the fact that beginning with fiscal year 1955 the Farm Credit Administration will assume the cost for the health services rendered their employees by the Office of Personnel.

(3) Budgetary and Financial Administration and Service - A decrease of \$34,830 in departmental budgetary, fiscal and procurement functions.

The Office of Budget and Finance during the fiscal year 1955 contemplates reductions of \$31,025 in personal services and \$3,805 in other objects. This represents a reduction of 6 positions in the budgetary, fiscal and procurement functions of the Office, including consolidation of certain activities, curtailment of procurement and supply contracting services, and deferment of a portion of the developmental work in budgetary and financial reporting. \$1,155 of the reduction is due to the fact that beginning with fiscal year 1955, the Farm Credit Administration will assume the cost of direct services formerly furnished by the Office of Budget and Finance.

(4) General Operations - A decrease of \$21,618 in certain technical advisory services to agencies of the Department.

During the fiscal year 1955, the Office of Plant and Operations contemplates a savings of \$21,393 in personal services and \$225 in miscellaneous expenses. This represents a reduction of three positions below 1954. In order to accomplish these savings, certain technical advisory services to agencies of the Department will be eliminated. These services pertain to the acquisition, utilization and maintenance of equipment involving the application of engineering principles. It is anticipated that this work will henceforth be done entirely by the agencies.

(5) National Agricultural Advisory Commission - Increase of \$11,500 for travel and subsistence expenses of members of the National Agricultural Advisory Commission.

Need for Increase: The National Agricultural Advisory Commission reviews national agricultural policies and the administration of farm programs and makes recommendations to the Secretary of Agri-

culture for the betterment of such policies and programs. The Commission was established by the President on July 20, 1953 by Executive Order 10472.

The new Commission replaces a 14-man interim **agricultural advisory** committee appointed in December 1952, and which has been serving the Secretary of Agriculture in an advisory capacity since that time. In its advisory functions, the new commission is concerned with the broad fields of agricultural policy and administration, both as they affect the U. S. farmer and the national economy domestically and international economic relationships as they bear on the welfare of agriculture. The Commission is composed of 18 members who are appointed by the President.

Under the Executive Order the Secretary is required to arrange at least one meeting of the Commission during each quarter of each calendar year. The members of the Commission do not receive any compensation. Furthermore, the Executive Order setting up the Commission prohibits the expenditure of Federal funds for expenses of the Committee until a specific appropriation is made for that purpose. Therefore the present practice is for the members to pay for their own travel and subsistence expenses. This could create an undue financial burden on the members. In order to alleviate this situation and to assure that the personal financial resources of present or prospective members would have no bearing on their ability to serve, this specific increase is requested in order to reimburse members of the Commission for travel and per diem costs only.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- For expenses of the Office of the Secretary of Agriculture, including the purchase of one passenger motor vehicle for
- 1 replacement only; travel expenses, including examination of estimates for appropriations in the field/ expenses of
 - 2 the National Agricultural Advisory Commission; * * * together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such services and expenses, which several amounts or portions thereof, as may be determined
 - 3 by the Secretary, not exceeding a total of \$101,280 \$84,280 * * *

The first change proposes to eliminate the words "travel expenses, including examination of estimates of appropriations in the field". Section 1314 of the Supplemental Appropriation Act, 1954 (Public Law 207, approved August 7, 1953) provides permanent authority for the use of any funds available for examination of estimates of appropriations in the field,

subject to regulations by the standing committees concerned. It is proposed to eliminate the language since its retention may prevent the use of any ~~other~~ funds in the Agricultural Appropriation Act for examination of estimates in the field. The 1955 estimates include \$7,185 for this purpose. Other funds of the Department would be used for examination of estimates in the field only to the extent this amount proved to be inadequate, or in cases where the use of other funds would be more appropriate. It is proposed to delete the words "travel expenses" since they are unnecessary. Essential official travel expenses will continue to be charged to this appropriation as heretofore.

The second change proposes to insert the words, "expenses of the National Agricultural Advisory Commission". Executive Order 10472, dated July 20, 1953, establishing the National Agricultural Advisory Commission provides that "pending the availability of a specific appropriation for the expenses of the Commission, no Federal funds shall be expended in connection with the Commission." The 1955 estimates include funds for such expenses making the insertion of this new language necessary.

The third change in language proposes to decrease the amount which may be transferred to this appropriation from other appropriations, consistent with the reduction explained in the estimates.

STATUS OF PROGRAM

1. General Administration

The Immediate Office of the Secretary has broad responsibility for the development of national agricultural policies and for the general management of the Department of Agriculture under the laws enacted by the Congress.

Review and Coordination of Agency Programs. In order to effect closer coordination of functions, the Secretary, during the past fiscal year, placed the agencies of the Department in six groups, each under the direction of an Assistant Secretary or other departmental officer. This arrangement has materially assisted the Secretary in providing direction to the operations of the Department and has greatly facilitated the review and effective coordination of the programs of the Department agencies. Under authority of Reorganization Plan No. 2, further changes in the organization of the Department of Agriculture were made effective November 2, 1953. The new organization puts all of the service agencies of the Department under the following four main groups: (1) Federal-States Relations; (2) Marketing and Foreign Agriculture; (3) Agricultural Stabilization; and (4) Agricultural Credit. These four groups, together with the Departmental Administration group and the Office of the Solicitor report administratively to the Secretary. This has resulted in a simplified internal organization designed for better service to farm families and to agriculture in general.

Planning Adjustments in Department Programs. Progress has been made in integrating within the new groupings the various programs of the Department, and their development will receive especial attention throughout the coming fiscal year. Many changes in agricultural programs will have to be formulated during the fiscal year 1954, and it will be necessary to analyze the program adjustments needed in this period of change to insure the long-range welfare of American agriculture.

Participation in International Activities. After study of the organization and activities of the Department relating to foreign agriculture, there was established a Foreign Agricultural Service. This replaced the Office of Foreign Agricultural Relations. This action is designed to strengthen the planning and directing of the Department's programs for the encouragement of international trade and promotion of exports of our agricultural products.

The Department participates in the negotiation of reciprocal trade agreements and in other international arrangements affecting trade in agricultural commodities. It administers the International Wheat Agreement, represents the United States Government on various committees affecting international trade and national foreign policy, and furnishes the primary liaison with Food and Agriculture Organization.

Planning for River Basin Development and Land and Water Use Programs. These programs are administered in accordance with policies established by the Secretary, and under over-all guidance of the Assistant Secretary for Federal-States Relations. Responsibility for over-all direction of the Department's flood prevention program has been transferred to the Soil Conservation Service. The Assistant Secretary, however, will continue to be responsible for the formulation of policy recommendations and will represent the Department in matters involving interdepartmental coordination of flood prevention, land use, and water utilization programs.

Organization and Management. Reorganization Plan No. 2 of 1953 became effective on June 4, 1953. This plan gives the Secretary broad authority to make continuing adjustments within the department to meet changing needs and provided for two additional Assistant Secretaries and an Administrative Assistant Secretary. The Department is now in a comparable position with other departments of the government, as to both reorganization powers and secretarial staff. The organization and functioning of the agencies of the Department are being reviewed and especial attention is being given to improvement of management throughout the Department.

2. Personnel Administration and Service.

Current Functions and Responsibilities: The Office of Personnel, under the supervision of the Director of Personnel, is the staff office of the Secretary responsible for general direction, coordination and administration of the Department's personnel management program. The work of the Office is performed through six functional divisions. Each division is responsible to the Director for the efficient carrying out of the functions and responsibilities in its particular field of work.

Personnel policies and procedures are designed to aid program officials in making the most effective use of all employees in the Department. This involves carrying out the expressed policies of Congress, the President, Budget Bureau, Civil Service Commission, Bureau of Employee's Compensation and other Federal agencies; delegations of authority to agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations, issuance of written instructions to agencies concerning regulatory and administrative policies and procedures; and the development and administration of standards and uniform practices for all phases of personnel management.

(1) Classification, Salary Administration, and Classification Specifications:

- (a) Supervises allocation of all positions in the Department; develops policies and plans for the compensation of employees occupying positions exempted from provisions of the Classification Act of 1949, as amended.

(b) Develops policies with respect to hours of duty for employees. :

(c) Interprets appropriate laws, Civil Service Commission rules and Comptroller General decisions and develops policies and regulations on compensation, including within-grade increases, for the guidance of agencies of the Department.

(d) Develops classification specifications for positions peculiar to the Department, and cooperates with the Civil Service Commission in drafting specifications for positions on a servicewide basis.

(2) Employee Performance and Development

(a) Develops policies and standards as guides for agencies of the Department for employee and executive development, employee relations, performance ratings, employee grievance and rating appeals.

(b) Administers for the Department programs in developing supervisors and administrators, performance ratings, employee organization relationships, employee services and employee appeals.

(c) Advises and cooperates with the agencies of the Department in carrying out these functions and acts as liaison with outside organizations such as other government agencies, educational institutions and private industry as a means of introducing improved practices and methods which will increase the efficiency of employees of the Department.

(3) Employment, Recruitment, Placement, Examination, Separation, and Retirement:

(a) Develops and administers over-all recruitment and placement activities such as executive development agreements, training agreements, probationary trainee programs, contacts with Land-Grant Colleges and other educational institutions and career programs.

(b) Administration of Civil Service Commission examining program including development of qualification and examination standards, including a nation-wide examination program for positions peculiar to the Department of Agriculture.

(c) Administers the employment phases of the personnel management program including transfer, promotion, separation, leave and retirement.

(d) Coordinates the compilation of Departmental personnel statistics.

(4) Organization and Personnel Management:

(a) Develops improved personnel procedures and organization patterns, reviews organization changes and maintains current organizational record of the Department; surveys and investigates Department's organization to improve structure, lines of authority and responsibility, flow of work and work-load distribution to promote more effective use of personnel.

(b) Directs the review and appraisal of agency personnel program activities, develops standards of personnel office performance and maintains control records on delegated authorities.

(c) Participates in the development and execution of operating plans for the Department's Management Program and develops materials to encourage and maintain employee interest in management improvements. Arranges for the investigation of employee suggestions which require action at the departmental or higher level.

(d) Administers the Department's Incentive Awards Program --Honor Awards, Efficiency Awards, Cash Awards and Step Increases for Superior Accomplishment.

(e) Initiates the preparation of policy, regulatory and administrative personnel instructions.

(f) Studies and prepares departmental reports on pending legislation having personnel implications.

(5) Investigations:

(a) Investigates alleged violations of law applicable to the Department or violations of Department regulations.

(b) Investigates alleged mismanagement and misconduct of personnel within the Department and its instrumentalities.

(c) Establishes standards to be followed by agencies of the Department in conducting disciplinary investigations and in determining the action to be taken as a result thereof.

(d) Conducts security investigations, including full field investigations of occupants of sensitive positions; makes agency checks and inquiries for attendance at international conferences, special passports, and membership on inter-departmental committees dealing with matters important to the national security.

(e) Reviews reports of full field investigation of persons in sensitive positions to determine whether such employment is consistent with the national security; recommends re-assignment, suspension, and removal of employees on security grounds; prepares forms, orders, and reports for submission to the Secretary and others; and maintains custody and control of investigative files.

(6) Employee Health:

(a) Supervises the health service facilities of the Department.

(b) Provides treatment of on-the-job illnesses requiring emergency attention.

(c) Assists in the conduct of employee health education.

(d) Advises with employees on health matters and instructs employees injured in line of duty regarding compensation rights, report requirements and procedures.

(e) Conducts health examinations as necessary.

Examples of Recent Developments and Activities

The following examples represent some of the significant activities with which this Office has been concerned. They are representative of the continuing problems with which the Office must deal along with the fundamental function of planning and administering an effective personnel management program for the Department.

(1) The Office conducted reviews of agency personnel offices, both in Washington and the field, having delegated personnel authorities. These reviews have resulted in better relationships because of a mutual understanding of each others problems and objectives which is essential to the unification of the Department's personnel program under a policy of delegated authority. Studies were made to determine the best possible means of coordinating our review activities with the regulatory compliance checks made by the Civil Service Commission in their inspections.

(2) Continued emphasis was placed on improvement of supervision and effective selection and development of supervisors at all levels. The principle that employee development is a major component of each operating program is being established. Such aids, tools, advice, stimulation and coordination that is possible are being made available by the Office.

(3) Efforts were made during the year to simplify and make more efficient the Departments' wage administration program. County outline maps of each of the 48 states were prepared, indicating by colored stamps counties in which one or more agencies of the Department employ prevailing rate workers. The maps were sent to Personnel Officers and Chairmen of Wage Boards with suggestions that they make use of wage data available in other agencies where possible. The Office worked in close cooperation with other Government agencies having similar programs, particularly in areas where this might eliminate duplication of wage surveys and contribute to the establishment of equal rates for similar work.

(4) The Office continued cross-agency analysis of key positions for the purpose of determining areas of apparent inequity across agency lines and for the further purpose of developing a projected key grade pattern for the Department as an objective for complete classification equity. The results of this project when completed will be used in assisting the agencies of the Department to understand and adopt as their own classification objectives the overall pattern for an equitable grade structure. This project will receive increased emphasis during the coming year, particularly in relation to standards work in which the Classification Act level definitions need to be more accurately represented.

(5) The examination program has continued to receive emphasis through the Board of U. S. Civil Service Examiners for the U. S. Department of Agriculture and the nine field Boards of Examiners located throughout the United States. These Boards have the responsibility and authority for conducting examination programs and maintaining registers for filling many types of positions which are predominately peculiar to the Department of Agriculture. Work is continuing in the development of specifications for a number of positions not covered by examinations previously developed. As a result, recruitment needs for filling vacancies in scientific and technical professional positions predominately peculiar to the Department of Agriculture can be filled by the selection of well-qualified eligibles in a minimum of time. The establishment of registers is being done more expeditiously. Improvements have been made in the types of tests given and qualification standards are constantly being revised and improved.

(6) The Office continued to provide guidance and assistance to agencies in the development of career programs based on Civil Service Commission standards and Department principles. The Office has a policy of reviewing requests for appointment of applicants to fill vacancies from outside the Department. As a result of these reviews, satisfactory placements from within the Department have been made in many cases. This type of review will receive very close attention during the next year. Considerable work was occasioned in the reduction in force which has taken place in the Department during the past year.

(7) The Office has continued to stress the importance of incentive programs as a segment of management improvement. Efforts were made to clarify the laws and regulations pertaining to the administration and operation of all phases of the programs -- cash awards, efficiency awards, honor awards and step increases for superior accomplishment -- and to assist and guide the agencies in the use made of the personnel incentive programs. The Departmental Efficiency Awards Committee, whose chairman is a member of this Office, has given increased stimulus and leadership to the entire personnel incentive awards program. It is anticipated there will be an increase in employee interest and participation in these programs.

(8) Executive Order 10450, dated April 27, 1953, established security requirements for Government employment and revoked Executive Order 9835 which established the former loyalty program. By agreement with the Civil Service Commission, the Office will conduct full field investigations of applicants or incumbents to be placed in "sensitive" positions. The Executive Order also requires that all cases in which full field investigations were conducted under the former loyalty program be evaluated under the security standards of the current Executive Order. This is a time-consuming and lengthy task.

3. Budgetary and Financial Administration and Service:

General policy formulation and direction, review, inspection, and coordination of the budget, fiscal, and supply management functions of the Department of Agriculture are the responsibility of the Office of Budget and Finance, serving as a staff agency of the Secretary. The Office provides leadership and coordination of these activities through the development and installation of improved policies, methods, procedures and systems with a view to strengthening the management and operation of the Department's programs and activities.

The activities of the Office must at all times facilitate the attainment of the program objectives envisioned by the Congress with the maximum efficiency and economy. The prompt recognition and adjustment to changing conditions, and the effective meeting of new problems is essential to the prevention of wasted effort.

A constant awareness of and sensitivity to all aspects of the Department's work is necessary so that the application of practices and procedures make appropriate allowances for inherent differences in programs. More specifically, the Office is responsible for:

Policies and procedures. Major emphasis is placed by the Office on the necessity for continuous effort to improve the procedures and methods pertaining to the functions within its area of responsibility. This includes the formulation and promulgation of over-all departmental policies and procedures relating to these activities, the refinement of existing policies and procedures, the development of new

methods and techniques to meet particular Department program needs, and the fostering of administrative and program management improvements through staff liaison and cooperation with agencies of the Department and with other governmental agencies concerned.

Budget formulation and presentation, and management of funds, involving the supervision and coordination of:

- (a) The formulation, preparation and presentation of budget estimates and supporting justifications, including the review, analysis and evaluation of agency estimates, the preparation of budgetary and statistical statements, etc., relating thereto, and the presentation of the estimates to the Budget Bureau and Appropriations Committees of Congress.
- (b) The allotment and apportionment of funds and preparation and review of current obligation reports thereon, in order to provide for the orderly management of the expenditure of funds, consistent with the purposes for which they were made available.

Accounting and auditing functions, involving the revision and modernizing of agency accounting systems, improving financial reporting techniques, strengthening internal audits and controls, and developing simplified fiscal operating procedures. These functions are carried out through review and analysis of agency accounting systems, reporting, and auditing requirements with a view to:

- (a) developing accounting systems in conformity with sound principles and standards to meet management needs,
- (b) coordinating agency procedures and methods to meet program management needs as well as the requirements of the Treasury, General Accounting Office, and other agencies,
- (c) perfecting the systematic flow of accounting data to facilitate improved internal and external financial reports,
- (d) furnishing technical assistance to agencies in developing improved appropriation, cost, and revolving fund accounting systems and methods adapted to their particular needs,
- (e) developing and issuing over-all departmental regulations and policies on accounting and auditing operations,
- (f) supervising and coordinating the development in the agencies of policies, methods, standards and scope of internal audit programs.

In addition to the above accounting and auditing functions having Department wide application, the Office performs the payrolling voucher examination, and administrative fund accounting for the Office of the Secretary, including the staff offices and the Working Capital Fund.

Budgetary and financial reporting. This includes the formulation and maintenance of a comprehensive and integrated system of financial and

budgetary reporting within the Department; the review and analysis of agency reports to determine completeness, timeliness, etc.; the preparation of regular consolidated and special financial and statistical statements covering all fiscal operations of the Department, including capital, appropriated, and other funds; the development of standards for effective and useful financial and budgetary reports; and advice to the agencies to facilitate use of financial, budgetary, and related operating statements.

Procurement and supply management activities relate to the acquisition, storage, issue, effective utilization, replacement, and disposition of administrative and operating supplies and equipment, and to the formulation and promulgation of policies, regulations, and procedures in connection therewith, including the administration of delegations of procurement and sales authorities, and the analysis and review of agency operations.

Program review, consisting of analyses and evaluations of the budgetary, financial, and legislative aspects of program proposals and program operations.

Legislative reporting, including coordination of the preparation, review, and clearance of legislative proposals and reports, and provides legislative information relating to agriculture to departmental and agency officials.

Fiscal management, involving a wide range of budgetary, fiscal, and administrative problems, including the development of improved and simplified operating methods, procedures, administrative regulations and requirements, and operating instructions and controls; management improvements; measures of economy and efficiency; and the management of administrative and program forms. This function is carried on in close cooperation with other staff offices and governmental agencies.

Liaison. The Office serves as the central point of contact for the Department on budgetary, fiscal, procurement, legislative, and related matters with the Bureau of the Budget, General Accounting Office, Treasury Department, General Services Administration, and others. It also provides liaison with Congressional Committees on Appropriations.

Examples of recent activities. Work accomplished during the last fiscal year which is indicative of problems on which work is now being done, and with which the Office must deal constantly, includes:

- (a) Adaptation of Budget Procedures. The administrative grouping of Department agencies, effective January 21, 1953, made it possible for key policy officials on the Secretary's immediate staff to participate more fully and directly in the budget process. The following are examples of changes made to adapt Department budgetary procedures to the new organizational arrangements:

(1) The Secretary designated the group directors and the Department Budget Officer as a committee to conduct a program and budget review in February 1953. On the basis of the committee's recommendations, significant changes were made in the original 1954 Budget. A similar committee was established for the development of the 1955 Department estimates, thus facilitating full consideration and application of the Administration's policies throughout the budget planning process.

(2) The group directors were authorized to approve financial project descriptions, which formerly were approved by the Secretary. These financial projects are the first breakdown in the Department's Uniform Project System, the means whereby broad objectives financed by each appropriation item are subdivided into successively narrower "financial," "work," and "line" projects. Each project is documented in summary form and the Office of Budget and Finance maintains a department-wide file of financial and work project descriptions.

(3) The Director of Finance was authorized to approve discontinuances of financial projects, in the interest of holding to a minimum the items requiring attention of the group heads.

(4) The group directors were authorized to approve Project Obligation Estimates. These estimates, formerly approved by the Secretary, relate a specific sum of money to each project and provide a check to assure that full effect is given to the intent of Congress in using the funds appropriated.

(b) Simplification and improvement of fiscal and accounting procedures. Special consideration was directed towards the development of improved and simplified procedures for agency accounting systems and Government-wide operating procedures, and the effect such changes would have on established reporting techniques. Improvements were effected in the following areas:

(1) Discontinuance of collection schedules for agencies subject to comprehensive audit.

(2) Elimination of separate set of voucher deduction forms for scheduling deductions from salary of employees for retirement, tax, and bonds.

(3) Development of a simplified plan for making contractual payments.

(4) Installation of accounting control for funds received under cooperative agreements in lieu of separate subsidiary limitation receipt and expenditure accounts.

(c) Strengthening of internal audit programs. Continued emphasis was placed on the effective coordination of the internal auditing program of the agencies of the Department with the comprehensive audit program of the General Accounting Office.

Procurement and Property Management:

(a) Supply Management. In collaboration with the General Services Administration, improved policies and procedures were developed in such areas as (1) revision and development of Federal Specifications; (2) purchase standards; (3) standard contract and purchase forms and procedures; (4) transportation and traffic management; (5) utilization and disposal of personal property; and (6) motor vehicle management. Inspections of supply operations at 32 representative agency field locations were made to improve standards of economy and efficiency and to determine adequacy of supply management techniques and principles.

(b) Procurement Management. Small purchase procedures continued to be streamlined and simplified to improve the planning and scheduling of the purchasing of small supply needs and to reduce costs of making necessary small purchases.

Agencies were assisted in establishing and expanding the use of cash payment procedures, small purchase order-invoice forms, and other simplified purchase methods, and in removing restrictions on purchases under \$25. Board of Review procedures were promulgated for considering appeals by contractors from decisions of Departmental contracting officers on disputed questions of fact under contracts. Assistance was given agencies in developing specifications and procedures for use in connection with construction, supply and research contracts. Guides were provided for agency use in establishing standards for inventory levels of small stocks and schedules for replenishing such stocks.

(c) Property Utilization and Management. Studies were made of storage costs, reporting procedures, and other management policies and controls, especially as they relate to the replacement of passenger cars, to improve the operating efficiency, utilization, and condition of the Department automotive vehicles. The development and use of equipment and supply utilization and replacement standards was expanded. A complete revision of Department regulations and procedures relating to personal property accountability was initiated with the objective of minimizing record keeping and securing improved property control.

4. General Operations.

The work carried on in the Office of Plant and Operations is comprised of the housing of departmental activities, communications and records

management services, administrative and budgetary service functions for the Office of the Secretary and certain departmental services in the District of Columbia.

The executive development program of the Office of Plant and Operations was further implemented by a restatement of policies and objectives regarding the planned and systematic career development of employees. This program is designed primarily to encourage, as well as make provision for, the advancement of those employees who display potential qualities of leadership, ability, ambition and personality which can be utilized to better advantage in positions of greater responsibility.

The Consolidated Housing Program. The consolidated housing of Department agencies at State and county levels under the policy announced in Secretary's Memorandum No. 1278 continued to be one of the principal concerns of the Office in 1953. This program was suspended by the Secretary near the end of the year in order that a proper evaluation of the program could be made in light of the proposed reorganization of the Department. After a very thorough study the results of this evaluation will serve as a guide in determining the Department's future policy for this program. Under the procedure established in the suspension order, 3 State offices consolidations and 13 county offices consolidations have been approved by the Assistant Secretary, making the total consolidations to June 30 for State consolidations 28 and for county consolidations 1,873.

Space Acquisition and Utilization. This Office cooperated actively with research agencies of the Department in planning for various proposed laboratory installations. Complete plans and specifications were developed and negotiations with contractors carried on for the conversion and improvement of certain excess Government buildings in Orlando, Florida, for the relocation of a part of the Agricultural Research Service installation in that city.

Preliminary plans and outlined specifications were developed for the Cotton Insect Investigation Laboratory Building which was constructed by private enterprise in Brownsville, Texas. Also, complete plans and specifications were prepared for a unique insect study cage enclosing an area of 23,000 square feet for the controlled cultivation of cotton for research purposes.

This Office acted in a consultant capacity with the Canadian Government in the development of plans for their new Animal Quarantine Station. Similar plans were developed by this Office two years ago for a proposed Animal Quarantine Station for the Agricultural Research Service.

The staff of this Office continued cooperative activities with the General Services Administration, both in Washington and in the field in administering the Space Management Program of the Department.

An engineer from this Office represents the Department on the Federal Fire Council and collaborates with that body in the preparation of construction design standards for fire safety for use on a Government-wide basis.

This Office also works closely with the General Services Administration and the U.S.D.A. Safety Council on matters pertaining to employee safety and a member of the Office is current Chairman of the organization.

Fifteen reports of excess real property were made to General Services Administration in the past year and 77 cases of excess real property were disposed of under delegated authority. The Office also submitted preliminary estimates for the space requirements of the Department in proposed Post Offices and Federal Buildings in 119 cities and towns.

The Department of Agriculture occupied 1,509,362 square feet of space in the District of Columbia and 14,080,051 square feet of space in the field, as of June 30, 1953.

Records Management Services. The Federal Records Act of 1950 requires the head of each Federal agency to establish and maintain an active, continuing program for the economical and efficient management of its records. The Records Administration Division of this Office exercises staff management responsibility for the administration of this program at the Department level. This responsibility includes the coordination of records management activities of the department agencies and the establishment of Department policies, standards and procedures necessary to assure compliance with the above cited Act.

The Records Administration Division is actively engaged in aiding the agencies in compiling records control schedules for all major groups of records in their custody. By direction of the General Services Administration, this project must be completed by June 30, 1954.

Another phase of the Records Management Program which is receiving more and more active consideration and constructive action is the initiation of more effective controls over the creation of records. Continued progress has also been made Department-wide in improving the organization, maintenance, and use of current records.

Another phase of the records management program in which the staff of the Office is most active is in the field of record equipment utilization. Whenever it is found that records not in office space are stored in steel, four and five drawer file cabinets in good condition, a special effort is made to have such records transferred to less expensive equipment. During the last fiscal year, through the efforts of this Division, a total of 3,811 transfer cases were obtained for several of the agencies. The only cost to the agencies for these transfer cases was transportation charges. As a result of this effort, a considerable number of file cabinets were released to meet other needs. Some of these file cabinets were made available to other agencies of the Government. The property and space utilization programs are also being promoted through an active campaign having for its purpose the transfer of semi-active records to Federal Records Centers of the General Services Administration. Through these programs, a considerable quantity of filing equipment becomes available for more current and active records.

The records inventory report to the General Services Administration as of June 30, 1953, is as follows:

	<u>Washington, D.C.</u>	<u>Field</u>
Volume of records on hand at the beginning of the fiscal year (cubic feet)	185,495	737,697
Volume of records disposed of during the fiscal year (cubic feet)	21,547	73,054
Volume of records transferred to other agencies during the fiscal year (cubic feet)	11,395	13,031
Volume of records on hand at end of fiscal year (cubic feet)	171,845	745,979

Technical Advisory Service. This Office is consulted by and offers advisory services to all Departmental agencies on problems and procedures in which the application of engineering principles is involved. This service is devoted principally to the selection, specification, operation and maintenance of mechanized equipment in various categories such as automotive, construction, farm, laboratory, and research, together with appliances and apparatus supplemental thereto. The Office engaged in participation in various departmental and inter-departmental conferences and committees engaged in the development of Federal specifications, motor vehicle and shop management, Commercial Standards simplified practice recommendations and safety. It is planned to eliminate this service to agencies of the Department in the fiscal year 1955.

Administrative Services. Services are rendered by this Office to the entire Office of the Secretary, such as budget formulation and execution, orientation of all new employees in the organizational arrangement of the over-all Office of the Secretary, the various functions as they relate to the particular staff offices, operating policies, lines of authority, leave privileges, pay regulations and other pertinent matters, and property and space management services. The Personnel Section of the Office continued to assist in the development of the personnel career and training programs of the Office, by encouraging the advancement of those employees who display qualities of leadership, ambition and have personality traits which can be utilized to better advantage in positions of greater responsibility.

Service Operations. This Office is also responsible for the furnishing of photographic, duplicating, and mailing services, and the central stocking and issuing of supplies and printed forms to all agencies of the Department in the District of Columbia, as well as for the operation of the central Departmental telephone switchboard, the telegraph office, motor transport service, and the Department's post office.

Continuous scrutiny of operations during the year led to a rearrangement of some physical facilities which improved the service to the agencies and accelerated the work flow. Other improvements simplified the handling of the work and improved employee morale. A start was made on the replacement of some obsolete and totally depreciated equipment with modern, improved types.

Consolidations of supplies and printed forms, together with other space economies, enabled the relinquishment of approximately 9,210 square feet of sub-basement floor space for reassignment to other agencies. Aside from the savings in space, these changes made possible more rapid handling of stock and filling of requisitions, and better supervision of the staff engaged in supply activities.

5. Office of Hearing Examiners

The Office of Hearing Examiners was established December 9, 1946, by the Secretary of Agriculture in compliance with the Administrative Procedure Act (5 U.S.C. 1001 et. seq.). Examiners hold hearings when called on to do so by the administrative agencies of the Department in connection with the prescribing of new regulations and orders and hearings on disciplinary complaints filed by the Department against individuals and on petitions filed by private parties asking relief from some action of the Department or its agencies.

In general, the examiners make reports, recommend decisions, and perform such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to various matters under their jurisdiction. In accordance with the Administrative Procedure Act, administrative hearings are, with few exceptions, held outside of Washington, D. C.

A comparison of the number of hearings held by hearing examiners under the various acts is shown in the following table.

<u>Laws Involved</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>
Agricultural Marketing Agreement Act	79	64	69	63
Commodity Exchange Act	5	1	1	4
Packers and Stockyards Act	11	12	36	5
Perishable Agricultural Commodities Act	2	2	5	1
Sugar Act	2	2	2	2
Warehouse Act	1	0	0	0
Market Inspection of Farm Products			1	1
	<u>100</u>	<u>81</u>	<u>114</u>	<u>76</u>

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund of \$400,000 established by the 1944 Agricultural Appropriation Act to pay the operating costs of certain centralized service organizations pending receipt of reimbursements for such costs from the agencies provided with the services. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1955 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1953, as well as estimates for 1954 and 1955 are printed in the Budget schedules for the fiscal year 1955.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for the company's financial health and for providing reliable information to stakeholders.

2. The second part outlines the procedures for recording transactions. It details the steps from initial entry to final review, ensuring that all data is captured correctly and consistently.

3. The third part addresses the challenges associated with record-keeping, such as data entry errors and incomplete information. It provides strategies to minimize these risks and ensure the integrity of the records.

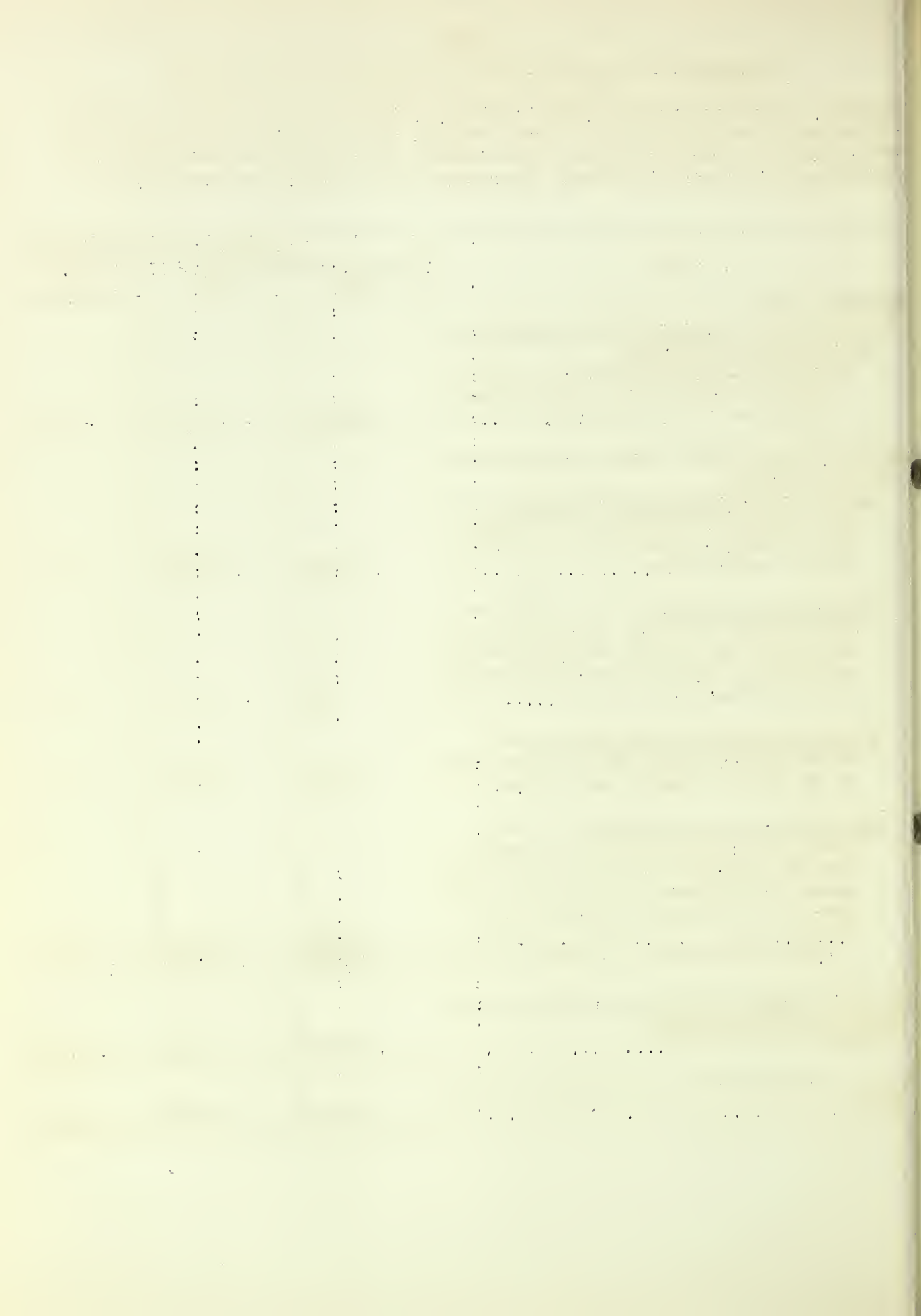
4. The fourth part discusses the role of technology in modern record-keeping. It highlights how digital tools can streamline the process and reduce the likelihood of human error.

5. The final part concludes by reiterating the importance of a robust record-keeping system and offers recommendations for ongoing improvement and training.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
<u>ALLOTMENT FROM:</u>			
Salaries and Expenses, Defense Production			
Activities, Agriculture:			
To provide over-all planning, coordina-			
tion and integration of the defense			
activities of the Department	\$19,506:	- -	- -
<u>ALLOCATIONS AND WORKING FUNDS (ADVANCES FROM</u>			
<u>OTHER AGENCIES):</u>			
Rural Electrification Administration - To:			
cover expenses relating to investiga-			
tion of Rural Electrification Adminis-			
tration cooperatives	17,500:	\$18,600:	- -
Department of the Navy - To cover costs			
in connection with the preparation of			
strategic maps and map material, mosaic			
compilation, photographic reproductions:			
and photogrammetric compilation	600:	- -	- -
Foreign Operations Administration - To			
cover administrative expenses incident			
to the Mutual Security Act program	17,300:	15,000:	- -
Department of the Air Force - To cover			
costs in connection with the prepara-			
tion of strategic maps and map material:			
mosaic compilation, photographic repro-			
ductions and photogrammetric compila-			
tion	3,400:	- -	- -
Total, Allocations and Working Funds:	38,800:	33,600:	- -
<u>Obligations Under Reimbursements From Govern-</u>			
<u>mental and Other Sources:</u>			
Salaries and Expenses	32,575:	41,481:	\$41,481
<u>TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER:</u>			
<u>FUNDS</u>	90,881:	75,081:	41,481



PASSENGER MOTOR VEHICLES

The estimates for 1955 provide for a continuation of the authority to replace one of the automobiles assigned for the official use of the Secretary of Agriculture. However, it is planned to use this authority only in the event of theft or damage beyond repair of one of the cars now in use.

There are four automobiles assigned to the Office of the Secretary which are operated in the District of Columbia.

These automobiles are used on official business by the Secretary of Agriculture, the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of the staff offices which comprise the Office of the Secretary.

The following tabulation reflects the age and mileage data for each vehicle assigned to the Office of the Secretary.

<u>Number of Vehicles</u>	<u>Lifetime Mileage</u>	<u>Age Year Model</u>	
		<u>Number</u>	<u>Year Model</u>
2	Under 20,000	1	1947
2	20,000 to 30,000	1	1948
		1	1951
		1	1952

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department, including the editorial work, illustrating, printing and distribution of publications, clearance and release of press, radio, television, and magazine materials, and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. It also produces motion pictures for Department agencies and for other Government agencies through reimbursements.

Regular employment as of November 30, 1953, totaled 164. The Office has no field employees, except part-time or intermittent workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	Estimated Available, <u>1954</u>	Budget Estimate, <u>1955</u>
Appropriated funds	a/\$1,251,000	\$968,000

a/ Includes \$63,000 transferred from other appropriations for penalty mail costs.

THE HISTORY OF THE

REPUBLIC OF THE UNITED STATES

The history of the Republic of the United States is a story of the struggle for freedom and justice. It is a story of the people who have fought for the principles of liberty and equality, and who have built a nation that stands as a beacon of hope for all who seek freedom.

The story begins with the first settlers who came to this land in search of a better life. They found a land of opportunity, but they also found a land of conflict. The struggle for land and power between the different groups of settlers led to a series of wars and conflicts that shaped the early history of the nation.

As the nation grew, the struggle for freedom and justice continued. The people fought for the right to vote, for the right to hold office, and for the right to participate in the government. They fought for the principles of liberty and equality, and they won.

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THE HISTORY OF THE REPUBLIC OF THE UNITED STATES

Salaries and Expenses

Appropriation Act, 1954.....	\$1,160,000	
Activities transferred in 1955 Estimates from "Agricultural Marketing Act" for information services relating to the Agricultural Marketing Act and for work on use of television in disseminating agricultural information.....		+28,000
Transfer in 1954 from "Administrative expenses, Commodity Credit Corporation".....		+16,014
Transferred pursuant to Public Law 286 for penalty mail from: "Salaries and expenses, Office of the Solicitor, Agriculture".....	\$50,000	
"Salaries and expenses, Rural Electrification Administration".....	9,500	
"Removal of Surplus Agricultural Commodities".....	3,500	+63,000
Base for 1955.....		1,267,014
Budget estimate, 1955:		
Direct appropriation.....	\$968,000	
Transfer from "Administrative expenses, Commodity Credit Corporation".....	16,014	984,014
Decrease.....		<u>-283,000</u>

SUMMARY OF INCREASES AND DECREASES, 1955

Elimination of printing the Department List of publications.....	-11,000
Reduction in printing copies of Congressional List of publications.....	-2,500
Reduction in printing copies of "Agricultural Statistics".....	-24,000
Elimination of preparation and printing of "Yearbook of Agriculture".....	-228,000
Elimination of reprints of cookbook ("Family Fare").....	-20,000
Reduction in services to special press activities.....	-13,100
Increase in dissemination of research and other information through television.....	+15,600

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
1. Publications review and distribution.....	568,509	667,814	-37,500(1)	630,314
2. Review and distribution of current agricultural information.....	384,874	367,396	-261,100(2)	106,296

(Continued on next page)

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
3. Review, preparation, and distribution of agricultural information by radio, television, exhibits and motion pictures.....	246,431	231,804	+15,600(3)	247,404
Unobligated balance.....	92,589	- -	- -	- -
Costs under Penalty Mail Act (P.L. 286).....	[- -]	[67,606]	[41,644]	[79,250]
Total available or estimate.....	1,292,403	1,267,014	-283,000	984,014
Transfer from:				
"Administrative expenses, Commodity Credit Corporation".....	-16,014	-16,014	- -	-16,014
"Salaries and expenses, Office of the Solicitor, Agriculture".....	- -	-50,000	50,000	- -
"Salaries and expenses, Rural Electrification Administration".....	- -	-9,500	-9,500	- -
"Removal of surplus agricultural commodities".....	- -	-3,500	-3,500	- -
Transfer in 1955 estimates from:				
"Agricultural Marketing Act, Agriculture".....	-25,188	-28,000	-28,000	- -
Subtotal.....	1,251,201	1,160,000	-192,000	968,000
Reductions pursuant to Sections 411 and 412.....	+ 7,799	- -		
Total appropriation or estimate.....	1,259,000	1,160,000		

INCREASES AND DECREASES

The net decrease of \$283,000 in this item for 1955 consists of the following:

(1) A net decrease of \$37,500 under the Project, "Publications review and distribution," consisting of:

(a) A decrease of \$11,000 due to elimination of printing the Department List of Publications. This will be effected by using the stocks of this publication available at the end of the 1954 fiscal year to fill requests through the 1955 fiscal year.

(b) A decrease of \$2,500 for printing copies of Farmers' Bulletin lists for use of Members of Congress. This will be effected in anticipation of fewer requests for copies by Members of Congress in fiscal year 1955. Should the anticipated decrease not materialize, a corresponding reduction would be made in the funds available for reprinting stocks of publications.

(c) A decrease of \$24,000 for printing "Agricultural Statistics." This will be accomplished by transferring the major part of the cost of printing this publication to Department agencies using copies. Copies for distribution to libraries and congressional offices will continue to be financed from funds available to the Office of Information.

(2) A decrease of \$261,100 under the project "Review and distribution of current agricultural information" consisting of:

(a) A decrease of \$228,000 by not preparing and publishing the Agriculture Yearbook. The most urgent needs for publication of current research will be met through timely bulletins and research reports prepared for use in the research dissemination and educational programs of the Department. The bulletins and reports will be available for dissemination through private channels of the press, radio, and magazines, extension agents, Members of Congress, periodical services, and all other channels of communications desiring to report on them.

(b) A decrease of \$20,000 by deleting funds for reprinting the publication, "Family Fare" for use of Members of Congress. This will be accomplished by eliminating separate congressional quotas for this cookbook and absorbing within funds available for Farmers' Bulletin reprints the requests received from Congressmen for this booklet, should they exceed available supplies. It is probable that present supplies of the cookbook, plus reprints to be obtained in fiscal year 1954, will be adequate to meet congressional needs through fiscal year 1955.

Inventory as of June 30, 1953.....	330,000
Reprints to be purchased fiscal year 1954.....	240,000
Available supply.....	<u>570,000</u>

Number distributed fiscal year 1952.....	227,337
Number distributed fiscal year 1953.....	341,843

(c) A decrease of \$13,100 for reduction of periodical services. This will be effected by eliminating or reducing service to specialized press and national magazines.

(3) An increase of \$15,600 in dissemination of research and other information through television.

Need for Increase: Television is an established means of informing farmers. This means of communication to farmers is increasing rapidly and the Department should be in position to make effective use of this media for disseminating agricultural information.

In the past information work by the Department has succeeded in large measure by the prompt adoption of the mass communication media as they

have been evolved. This work began with printed bulletins. The Department was the first civilian agency to adopt the use of motion pictures. About the same time exhibits became an accepted medium for the Department to use in reaching farmers. A quarter century ago, radio work began. In the field of radio, much of the almost universal use of radio stems back to the work of this Office in working with radio networks and single-station farm programs in meeting the needs of farmers.

New stations coming into operation request the Department for up-to-date information on farm operations, marketing, homemaking, and other phases of rural living. This information is currently being supplied through the use of a weekly package program sent to more than 80 television stations. Each package contains suggested scripts for local adaptation together with suggested materials to be used in demonstrations, such as photographs, charts, graphs, etc., or motion picture footage (silent and sound). The number of new stations coming into operation and requesting the weekly package farm program service is steadily increasing. Television farm broadcasters have unanimously attested to the usefulness of these packages in disseminating information from the Department, and have urged that more programs be made available to them.

Plan of Work: It is expected that the number of stations requesting this service will reach 125 by July 1, 1954, and over 225 by July 1, 1955. The additional funds requested are for the purpose of supplying additional package program materials to an average of 50 more stations during fiscal year 1955. The funds would be used solely for supplies and materials and for contract services.

.....
.. .CHANGE IN LANGUAGE
.....

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Office of Information for the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, ~~/\$1,160,000/~~ \$968,000, * * * of which total appropriation not to exceed ~~/\$560,000/~~ \$324,000 may be used for farmers' bulletins, which shall be adapted to the interests of the people of the different sections of the country, an equal proportion of four-fifths of which shall be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U.S.C. 417) ~~/and~~ not less than two hundred thirty thousand eight hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Year-book of Agriculture) as authorized by section 73 of the Act of January 12, 1895 (44 U.S.C. 241) 7: * * *

The change in language, other than changes in amounts, eliminates authorization for the preparation and printing of the Yearbook of Agriculture and deletes related language with reference to the number for distribution to the Senate and House of Representatives. No funds are requested in the 1955 estimates for the preparation and printing of the Yearbook.

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement.)

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
1. <u>Publications review and distribution:</u>				
Editorial control.....	\$47,149:	\$54,725:	-6,000	48,725
Illustrations.....	22,568:	29,231:	-	29,231
Printing procurement.....	40,991:	38,201:	-3,000	35,201
Inquiries and distribution....	171,787:	150,557:	-	150,557
Mailings.....	1,926:	51,800:	+9,500	61,300
Printing, including farmers' bulletins, reprints and lists.....	284,088:	343,300:	-38,000	305,300
Total.....	568,509:	667,814:	-37,500	630,314
2. <u>Review and distribution of current agricultural information:</u>				
Press Service.....	60,329:	71,113:	+2,280	73,393
Preparation of reports.....	54,545:	83,283:	-50,380	32,903
Printing Agriculture Yearbook.....	270,000:	213,000:	-213,000	-
Total.....	384,874:	367,396:	-261,100	106,296
3. <u>Review, preparation, and distribution of agricultural information by radio, television, exhibits, and motion pictures:</u>				
Radio Service.....	61,061:	37,891:	+460	38,351
Television Service.....	-	49,379:	+15,010	64,389
Exhibits Service.....	107,761:	68,112:	+30	68,142
Motion Picture Service.....	77,609:	76,422:	+100	76,522
Total.....	246,431:	231,804:	+15,600	247,404
Unobligated balance.....	92,589:	-	-	-
Costs under Penalty Mail Act (P.L. 286).....	[- -]:	[67,606:	[+11,644]	[79,250]
Total available or estimate.....	1,292,403:	1,267,014:	-283,000	984,014

STATUS OF PROGRAM

Current Activities

The primary functions of the Office of Information are (1) overall coordination of all information work in the Department and (2) final editing and clearance of publications and releases of information to the public. The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations, and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the nation's agriculture by providing factual information on results of agricultural research work, trends in agricultural programs and policies, and similar information. This work involves:

1. Editing and final preparation of manuscripts for publication, and procurement of necessary printing;
2. Distribution of publications through established channels and the filling of requests for publications and general information;
3. Preparation and shipping of exhibits for showing at fairs and other exhibitions;
4. Production of agricultural films and their distribution to State depositories for use by Department field workers and extension agents;
5. Final clearance and distribution of reports and releases to the general press, and to the agricultural, scientific, and trade press;
6. Preparation of radio information for broadcast and service to radio farm program directors and extension agents;
7. Preparation of television programs reporting on research and action based on Department work for broadcast on TV farm programs;
8. Compilation and editing of the Agriculture Yearbook and the annual report of the Secretary; and
9. Preparation or assistance in the preparation of information requested by publishers of national magazines, encyclopedias, annuals, etc., on departmental programs, organization, or operation.

The workload of the Office is dependent upon the total of informational services which are provided in response to direct requests for information, and which are necessary to meet the legislative requirements for carrying out the Department's responsibilities.

Examples of Recent Developments

Publications Improvement: The Office of Information has made substantial progress, in cooperation with the agencies, in improving the readability, effectiveness and utility of publications; in accomplishing economies and efficiencies in publishing; in communicating information understandably through drawings, charts, and other visual approaches; and in helping to train employees of the Department engaged in editing and handling publications. The Office of Information is actively engaged in promoting and carrying on, in cooperation with other agencies of the Department, a major program to improve subject matter and presentation of some 300 Farmers' Bulletins and Leaflets at the planned rate of about 100 a year. Conferences have been held with all Department agencies concerned and time schedules for revisions have been brought up to date. The flow of manuscripts for revisions has been speeded up and special attention has been given to the editorial, illustrating, and printing aspects of revisions. During the 1953 fiscal year, 51 revisions of popular publications were issued or forwarded for printing in connection with the revision program. These publications are up-to-date in subject matter content and generally improved in presentation, appearance, and communication. Also, a preliminary survey indicated that they were running 8 percent shorter than the previous editions. These 51 revisions more than doubled the number of major revisions forwarded for printing during the previous fiscal year.

Economies -- Special attention is paid to effecting economies in the publications of the Department. For example, a reduction of about 20 percent was made in total number of pages in agency annual reports for the fiscal year 1953. With the cooperation of the originating agencies, manuscripts are shortened, economical illustrations are planned and prepared, efficient printing procedures are followed so as to reduce publications costs, editions are limited as to number of copies, and recommendations are made to the Superintendent of Documents in the interest of having many publications distributed on a sales basis.

Publications edited and otherwise readied for issuance, and submitted to the printer during 1952 and 1953 (exclusive of periodicals) were:

	<u>1952</u>	<u>1953</u>
New publications.....	261	269
Reprints.....	522	317
Revisions (including 51 in revision program).....	21	61
Total.....	<u>804</u>	<u>647</u>

Printing Management -- Recorded savings totaled \$19,353 in the fiscal year 1953 as a result of technical adjustments in specifications for printing jobs, in addition to many savings not recorded but growing out of suggestions made to agencies. All printing orders in 1953 totaled 3,498, compared with 3,858 in 1952. The decrease in total printing orders was more than offset by the increased workload of handling the larger number of new and revised publications.

Requests for publications, general information, and mailing list service in 1953 were about 85,000, or about 8 percent, less than the average for the previous years 1948-52. The decrease in congressional requests was about 7 percent.

<u>Fiscal Year</u>	<u>Congressional Requests</u>	<u>Total Requests</u>
1948	360,959	1,050,226
1949	328,101	1,047,513
1950	485,380	1,199,771
1951	241,191	853,933
1952	376,957	1,021,214
1953	350,130	949,626

These figures do not include the large number of inquiries regarding press releases, radio services, exhibits, and motion pictures.

A comparison of publications handled by the Office during 1952 and 1953 is as follows:

	<u>Copies</u>		<u>Copies of</u>	
	<u>all publications</u>		<u>Farmers' Bulletins</u>	
	1952	1953	1952	1953
Total stocks beginning of year.....	12,628,638	13,271,614	8,081,405	9,336,533
New publications..	29,518,765	22,017,400	3,627,500	2,460,000
Reprints.....	<u>9,867,267</u>	<u>7,792,669</u>	<u>8,388,079</u>	<u>5,769,775</u>
Total available for distribution.....	52,014,670	43,081,683	20,096,984	17,566,308
Stocks at end of year.....	-13,271,614	-11,444,756	-9,336,533	-8,050,463
Total distribution.....	38,743,056	31,636,927	10,760,451	9,515,845

Exhibits Service: During the fiscal year 1953, exhibits were arranged and completed with a total of 17 carload showings of regular exhibit groups at 17 State and interstate fairs. In addition to the regular carload group showings, 56 less-than-carload exhibitions were completed. Attendance at the 17 larger fairs was 6,340,000. Six new exhibits and nine new exhibit structures (for multiple use) were constructed. Considerable study was devoted to the development of lightweight units. These are designed for use where lightweight, portable, adaptable structures are desired such as fairs, meetings, and conventions. In addition, seven large regular fair exhibits were revised to reduce unnecessary weight and size in handling, thus saving on transportation and handling costs.

During the year, the Exhibits Service took leadership in jointly sponsoring four major headquarters exhibits with agencies of the Department; two exhibitions at the Industrial College of the Armed Forces, and one special-use exhibit, "Water Supply and Flood Prevention," which has been shown extensively in the Western States.

Motion Picture Service: During the 1953 fiscal year, the Motion Picture Service produced a total of 70 pictures, or 121 reels of completed films, on a reimbursable basis. Outstanding motion pictures produced for Department agencies were "CORN" and "THE BIG GAMBLE." The film, "CORN," was made to show the best of modern techniques in raising, harvesting, and storing this important crop. The film "THE BIG GAMBLE," produced for the Federal Crop Insurance Corporation, vividly describes the major disaster forces facing the modern farmer and the need he has for crop insurance. A total of 61 reels of completed film was produced for agencies of the Department. Since July 1, 1953, 44 reels of film have been produced, 34 of these being subjects for Department agencies, including GRASS--THE BIG STORY, a Department film showing the importance of grasslands to farmers in all parts of this country.

Press Service: Interest in agriculture, because of its part in national and international affairs, brought the Press Service more requests for information than in any previous year. These requests came by telephone, by mail, and in person. Many requests for information can be handled by available releases, but many require special attention. The number of press releases and reports for the year total 2,958, as compared with 2,865 last year. With the exception of some economic and marketing reports processed in the agencies, these require reviewing for policy and content, editing, and some rewriting. They require stencil cutting, scheduling for release, and distribution to the press, government agencies, and others. Releases and reports, while they give information, also result in requests for additional information.

The Press Service is able to fill many requests for general information with its Daily and Weekly summaries. Combined distribution of the two was about 3,900 in 1953, or only slightly less than in the previous year, although many names were dropped after a mailing list revision. Additions are being requested at the rate of about three a day. The letter to some 265 farm paper editors continues on a biweekly basis. Distribution of the weekly "Food and Home Notes" to women's page editors has been slightly reduced following a revision of the mailing list, but is still going to about 2,600 addresses, including several hundred food page editors and women's radio program directors. Requests for USDA subject matter photos continue to increase. Service was continued to 153 Negro newspapers and magazines and to Negro extension workers. A service of farm and food information was continued for about 200 national and regional magazines, including the home departments of about 40 farm magazines.

Agriculture Yearbook -- The 1953 Yearbook, "Plant Diseases," was released in October 1953 and preparation of articles is well under way for the 1954 book, which is to cover agricultural marketing. During the fiscal year 1953 the Department's 1952 Yearbook, "Insects," received both national and international acclaim for its comprehensive treatment and wide application.

Program Coordination -- Special attempt has been made to coordinate information with Department activities and programs. For example, the Office of Information took the lead in coordinating information

activities in the dissemination of information on the 1953 wheat marketing quota referendum, and in efforts to achieve greater consumption of beef to lend support to livestock prices to the farmer.

This was done by pulling together the information facilities of Department agencies concerned and providing a focal point for the most effective dissemination of information through Department educational channels, public mass media (press, radio, and television), trade associations, farm organizations, and other interested groups.

Radio Services: Radio services to networks continued on much the same basis as during the previous year while services to individual station radio farm directors and State extension services increased as explained in the statement on individual station service below.

Network activities centered around cooperation on NBC's National Farm and Home Hour, ABC's American Farmer, and the CBS Farm News and other network programs. Over 60 special USDA features were prepared and presented in cooperation with these weekly nation-wide network farm programs. In addition, throughout the year the Department prepared and broadcast weekly news segments on the National Farm and Home Hour and the American Farmer. More than 20 news features were prepared for use by the CBS and Mutual networks on other than farm programs.

At the request of the National Association of Radio Farm Directors, the RFD Letter was returned to a weekly basis beginning December 24, 1952. It had been fortnightly since September 1951. It provided news and background material to 400 farm program directors and 37 farm advertising people. In addition, major departmental news releases and publications were sent to this group.

An effort was made during the year to expand recording services to individual stations. Forty-one individual transcriptions were produced for individual stations, on request, for use in 59 programs on 19 stations. In addition, three special recorded statements by the Secretary or Under Secretary on agricultural policy were supplied to farm broadcasters.

Radio Farm Flashes were distributed through State extension editors for local adaptation and use by approximately 800 single radio stations.

Television Services -- At the beginning of the fiscal year 1954, the Department inaugurated a weekly television package program reporting on research and action based on Department work. All packages include suggested scripts for local delivery. Some packages contain motion picture film footage (silent or sound) and others contain materials to be used in live demonstrations. This service was established at the direct request of television farm broadcasters and extension television broadcasters. Two special package programs on the drouth and wheat were prepared and sent to TV farm broadcasters. A television handbook for Extension agents was planned, prepared, and issued.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Allotment from:			
Salaries and Expenses, Defense			
Production Activities, Agriculture - for planning effective use of information materials in a program of defense preparation	\$38,850:	- -	- -
Allocations and Working Funds			
(Advances from other agencies):			
Department of the Air Force - for preparation and distribution of motion pictures	50,000:	- -	- -
Veterans Administration - for preparation and distribution of motion pictures	29,828:	- -	- -
Foreign Operations Administration - for motion picture production services in connection with training and technical assistance activities	8,082:	\$1,800:	- -
Total, Allocations and Working Funds	87,910:	1,800:	- -
Trust Funds:			
Miscellaneous Contributed Funds, Department of Agriculture:			
Trust funds deposited by co-operators for:			
Preparation and distribution of exhibits	3,341:	1,500:	\$1,000
Preparation and distribution of motion pictures	2,795:	8,500:	6,500
Total	6,136:	10,000:	7,500
Obligations under Reimbursements From Governmental and Other Sources:			
Salaries and expenses:			
For photographic reproductions and motion picture services	41,994:	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	174,930	11,800	7,500

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books...". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and wasted time by enabling scientists and administrators to know what has been done previously in that field. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six specialized field branches serving major field research installations of the Department. In addition five State agencies provide library services to Department employees in designated geographical areas under cooperative agreements.

On November 30, 1953, the Library had 153 employees of whom 136 were in Washington and 17 in the field.

	Estimated Available, 1954 <u> </u>	Budget Estimate, 1955 <u> </u>
Appropriated funds	a/ \$681,800	\$659,950

a/ Includes \$8,000 transferred from other appropriations for penalty mail costs.

Salaries and Expenses

Appropriation Act, 1954	\$673,800
Transferred from "Removal of surplus agricultural commodities" pursuant to Public Law 286 for penalty mail	+8,000
Adjusted appropriation, 1954, and base for 1955.....	681,800
Budget Estimate, 1955	659,950
Decrease	<u>-21,850</u>

SUMMARY OF DECREASES, 1955

Decrease due to reduction in number of volumes anticipated to be bound	-12,000
Reduction in procurement of publications	-4,800
Curtailment of lending and reference service	-3,745
Net reduction for administrative services	-1,305

PROJECT STATEMENT

Project	1953	1954 (estimated)	Decreases	1955 (estimated)
1. General agricultural library services	\$538,047	\$538,850	-\$21,850(1)	\$517,000
2. Specialized services to research	142,754	142,950	- -	142,950
Unobligated balance	368	- -	- -	- -
Costs under Penalty Mail Act (P.L. 286)	[- -]	[8,720]	[+1,230]	[9,950]
Total available or estimate ..	681,169	681,800	-21,850	659,950
Transferred from "Removal of surplus agricultural commodities"	- -	-8,000		
Reduction pursuant to Section 412	+831	- -		
Total appropriation or estimate:	682,000	673,800		

DECREASES

(1) The decrease of \$21,850 under the project "General agricultural library services" will be achieved through:

(a) Curtailment of binding operations, \$12,000. The number of volumes anticipated to be bound will be reduced from 10,000 to 7,000, thus permitting a small reduction in the staff engaged in binding activities.

(b) Reduction in procurement of publications, \$4,800. Expenditures for the procurement of publications will be reduced from an estimated \$58,800 in fiscal year 1954 to \$54,000 in fiscal year 1955.

(c) Curtailment of lending and reference service, \$3,745. This will be achieved through a reduction of staff in the legal library and through a decrease in lending and reference services occasioned by the transfer of the Farm Credit Administration from the Department.

(d) A net reduction of \$1,305 for administrative services.

STATUS OF PROGRAM

General: The Library provides centralized reference and bibliographical services for agencies of the Department through the main library in Washington; 6 branch locations and 5 cooperating State agencies in the field. It serves also as the National Agricultural Library rendering extensive services to other agencies of the Government and the public. The book collection approximates 1,000,000 volumes.

Current Activities: The following are typical of the major lines of work of the Library:

1. Acquisition of domestic and foreign publications in the field of agriculture through purchases from commercial sources, gifts, exchange agreements with different countries, and cooperative acquisition projects with the Library of Congress and with other research libraries.
2. Preparation of bibliographies of the world's agricultural literature.
3. Providing reference service to patrons who come into the Library, and by telephone, and by mail. These patrons include Department personnel, and representatives of other Government and private research agencies, colleges, universities, and farmers and other private citizens; furnishing publications on loan directly to Department personnel and to others through interlibrary loans; and maintaining the collection.
4. Facilitating the Department's programs by making available published material to the man-on-the-job, wherever he may be stationed, through field branches and cooperating State agencies which serve as outlets for the main Library and as reservoirs of published information near the field workers. These library services provided the field staff obviates the need to stock large numbers of relatively little used books in field offices.

Selected Examples of Recent Progress:

1. Status of Acquisition Program: The Department of Agriculture Library is the one place in the nation where all of the more important agricultural publications are available. Therefore, a continuing intensive acquisition program must be carried on to provide the major agricultural publications required by the Department's workers, collaborators, farmers, industrial users, and the public generally. The collection still lacks a large amount of essential agricultural information published in foreign areas, as well as many important domestic publications. The gift and exchange program remained at the same level as in 1952.

Below is a tabulation of major acquisition statistics for the past five years.

Year	Number of publications received from all Obligations: sources (gift, exchange and purchase)			
	for publi- cations	Volumes added to collection	Number of periodical issues Received	Retained
1949	\$ 39,178	34,176	626,117	263,653
1950	45,742	42,215	552,137	275,215
1951	53,342	28,921 a/	498,013	268,655
1952	44,747	28,646	542,240	272,770 c/
1953	44,468	37,020 b/	611,279 c/	284,743

a/ A portion of the reductions for 1951, 1952 and 1953 is due to the changes in policy in that working tools of the Department agencies are no longer counted in the Library accessions.

b/ The cataloging in 1953 of volumes and publications received in previous years makes receipts appear higher in 1953 than actually is the case.

c/ The increase in number of periodical issues received is attributed largely to foreign language material received from various American agricultural colleges since such colleges are not usually staffed to translate this material.

- The monthly Bibliography of Agriculture contained 4.2% more items than in 1952. There were 99,983 reference items included during the year, which exceeded any previous year. The number of agricultural items listed in the Bibliography of Agriculture for the past five years is indicated below.

Year	Number of Reference Items
1949	82,269
1950	89,060
1951	85,790
1952	95,962
1953	99,983

- There were 78 bibliographies, indexes, and lists prepared on specialized subjects. During 1953 27 bibliographies were prepared in the Washington library which were 4 more than in 1952. Among the special bibliographies prepared were Bibliographical Bulletin 19, "Tropical Beef Cattle Industry in the Western Hemisphere". Among those prepared in the field was "Abstract Bibliography of the Chemistry and Technology of Tang Products, 1875-1950" which was compiled by the Southern Regional Research Laboratory, Agricultural and Industrial Chemistry and the New Orleans Branch Library and was issued as AIC 317, 2v. 1952.

4. The Photocopying Section completed 43,168 separate orders consisting of 647,520 pages of microfilm and photoprint. Of this amount, 7,489 orders totaling 111,392 pages were provided free of charge to the Department's agencies. For the remaining orders \$48,066 was received in reimbursement of the cost of operations.
5. The total number of publications loaned and the number of reference questions answered were below the 1952 level. The decrease of 3.5% in the number of publications loaned is partially attributed to the change in field services by the closing of six field branches and the transfer of the major portion of their collections to various State agencies under cooperative agreements. The period of these transfers and adjustments during which the collection was not available reduced the number of volumes loaned. The reference questions answered remained at nearly the same level with only an 0.8% decrease from 1952. The workload per staff member increased from 10,054 items in 1952 to 10,898 items in 1953.

Below is a tabulation of the volume of publications loaned and photocopying services rendered and reference questions answered in 1952 and 1953.

	1952	1953	Percent of increase (+) or decrease (-)
Volume of loans and photocopying:			
Washington.....	456,901	449,327	- 1.7
Field.....	869,996	829,739	- 4.6
Sub-total.....	1,326,897	1,279,066	- 3.6
Reproductions.....	43,767	43,168	- 1.3
Totals.....	1,370,664	1,322,234	- 3.5
Reference questions answered:			
Washington.....	125,463	125,398	--
Field.....	45,379	43,957	- 3.1
Totals.....	170,842	169,355	- 0.8

6. A waiver was again issued by the Public Printer permitting the binding work to be performed under contract to commercial binders. Under this authorization a total of 6,068 volumes were bound, of which 1,266 volumes were from the various field libraries. There were 3,440 fewer volumes bound in 1953 than in 1952. Approximately 5,000 volumes of current publications were added to an already burdensome backlog of an estimated 165,000 volumes which should be bound.

PRINCIPAL OVERALL VOLUME OF WORK STATISTICS

Actual Fiscal Years 1949-1953

Estimated 1954-1955

	ACTUAL					ESTIMATED		
	1949	1950	1951	1952	1953	1954	1955	
Titles catalogued.....	13,347	12,252	11,191	12,701	16,809	18,000	17,000	
New cards added to library catalog.....	91,767	90,823	66,117	77,556	87,407	100,000	95,000	
Serial publications entered.....	263,653	275,215	268,655	272,770	284,743	300,000	290,000	
Loans of books or periodicals and reproductions supplied.....	1,465,055	1,466,546	1,441,552	1,370,664	1,322,234	1,325,000	1,250,000	
Reference questions answered.....	202,246	203,134	180,434	170,842	169,355	170,000	160,000	
Items indexed in Bibliography of Agriculture.....	82,269	89,060	85,790	95,962	99,983	100,000	100,000	
Volumes bound.....	13,400	8,179	10,724	9,508	6,068	10,000	7,000	
Obligations for books, periodicals, newspapers, other publications.....	\$ 39,178	\$ 45,742	\$ 53,342	\$ 44,747	\$ 44,468	\$ 54,824	\$ 50,024	

WORKLOAD, STAFF AVAILABLE, AND UNIT COSTS a/

Fiscal year	Circulation and refer- ence load	Average: staff	Total obligation	Output per staff member	Cost per unit
1941 (estimated).....	201,627	243	\$ 721,500	830	\$ 3.57
1942.....	540,114	225	645,100	2,401	1.19
1943.....	860,872	188	608,358	4,578	.71
1944.....	1,152,970	186	604,437	6,199	.52
1945.....	1,556,507	186	608,060	8,368	.39
1946.....	1,609,655	186	609,130	8,654	.38
1947.....	1,672,453	186	618,850	8,991	.37
1948.....	1,612,738	186	659,739	8,672	.41
1949.....	1,667,301	182	656,719	9,161	.39
1950.....	1,669,680	172	734,993	9,766	.44
1951.....	1,577,277	164	601,214	9,618	.44
1952.....	1,497,721	149	687,237	10,054	.45
1953.....	1,448,421	143	681,169	10,898	.47

1/ Exclusive of reimbursable services.

NOTE: 1941-1947 workload adjusted to method of computing workload established in 1948.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1953, were actually received or programmed for 1954 or 1955. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1953	Estimated obligations, 1954	Estimated obligations, 1955
Allocations and Working Funds (Advances from other agencies):			
<u>Agricultural Research Service</u> - For special bibliographical services on bee culture	\$ 4,118	\$ 3,202	--
<u>Department of State</u> - For library and bibliographical services	7,320	--	--
<u>Foreign Operations Administration</u> -			
For expenses in connection with training activities and technical assistance	9,220	10,000	--
For establishing and maintaining a publications exchange center to facilitate the flow of Land-Grant college publications to and from recognized depositories in foreign countries	--	17,240	--
Total, Foreign Operations Administration	9,220	27,240	--
Total, Allocations and Working Funds	20,658	30,442	--
<u>Obligations Under Reimbursements from Governmental and Other Sources:</u>			
Salaries and Expenses:			
For bibliographies, photographic reproductions and other special library services	133,000	100,000	\$50,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	153,658	130,442	50,000

COMMODITY STABILIZATION SERVICE

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation's programs are conducted for the purpose of stabilizing, supporting and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of agricultural commodities, and facilitating their orderly distribution.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture) who are appointed by the President of the United States by and with the advice and consent of the Senate. In addition to the board of directors, the Corporation has an advisory board whose five members are appointed by the President of the United States. Not more than three of the members may belong to the same political party. The advisory board meets at least every 90 days to survey the general policies of the Corporation.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Commodity Stabilization Service in carrying out Corporation activities. The Corporation also utilizes to the fullest extent practicable the usual and customary channels, facilities, and arrangements of trade and commerce in the conduct of its business.

Financing - The Corporation's programs are financed from the capital funds which are derived from its authorized capital stock of \$100,000,000 and its authority to borrow \$6,750,000,000 on the credit of the United States. The bulk of the fund requirements results from loans, purchases of commodities, carrying charges and related expenditures in connection with commodities owned by the Corporation, and interest charges. Offsetting these outlays are receipts from loan repayments, sales of commodities, and interest income.

Operations - The Corporation engages in lending, buying, selling and other activities with respect to agricultural commodities, their products, foods, feeds and fibers to carry out the following five types of programs:

1. Price support - Price support is accomplished through loans, purchases and purchase agreements pursuant to the Corporation's charter powers (particularly sections 5(a) and (d)), in conformity with the Agricultural Act of 1949 (63 Stat. 1051), as amended (66 Stat. 758), and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 (59 Stat. 506). Under the Agricultural Act of 1949, as amended, price support is mandatory for six basic commodities -- cotton, corn, wheat, rice, peanuts and tobacco -- and designated nonbasic commodities, namely, wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat; price support for other nonbasic agricultural commodities is authorized under legally prescribed conditions.
2. Supply and foreign purchase - The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, other agricultural commodities, and their products are procured, or aid is given in their procurement, to facilitate distribution or to meet anticipated requirements during periods of short supply. Procurement for supply purposes is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this activity.

The supply and foreign purchase activity is carried out under the authority contained in the Corporation's charter, particularly sections 5(b) and 5(c) thereof. Operations are conducted in accordance with procedures and policies reasonably calculated to assure compliance with section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, and operating costs incurred for commodities purchased or delivered to or on behalf of any other Government agency.

3. Storage facilities - The Corporation provides for and encourages the construction or expansion of farm storage facilities through loans to producers and other operations, and maintains granaries and equipment for care and storage of commodities owned or controlled by the Corporation.

The storage facilities program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a).

4. Loan to Secretary of Agriculture for agricultural conservation purposes - Under provisions of the Agricultural Adjustment Act of 1938; as amended, the Corporation makes loans to the Secretary of Agriculture each fiscal year in such amounts, not to exceed \$50,000,000, as the Secretary estimates will be required to make advances of conservation materials and services for the agricultural-conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.
5. Commodity export - The Corporation exports, causes to be exported, or aids in the development of export markets for agricultural commodities and products. This activity is carried out under the authority contained in the Corporation's charter, particularly sections 5(d) and 5(f), and the International Wheat Agreement Act of 1949. Under the International Wheat Agreement (7 U.S.C. 1641, 1642), the United States has agreed to supply wheat or wheat products to participating nations at a specified price. The Corporation is authorized to use its general borrowing authority to pay current obligations and to be repaid therefor from appropriations made specifically to cover the costs of the International Wheat Agreement.

Other authorizations - Under the provisions of the appropriation item in the Department of Agriculture Appropriation Act, 1954 (Public Law 156, 83rd Congress), entitled "Eradication of Foot-and-Mouth and Other Contagious Diseases of Animals and Poultry," the Secretary of Agriculture has determined that Corporation funds should be transferred for use in the eradication of foot-and-mouth disease in Mexico and the related quarantines, subject to full reimbursement. Similar authority contained in appropriations for prior years has been used in the past primarily in connection with programs in Mexico and to a limited extent for measures to protect the United States against the introduction of foot-and-mouth disease from Canada.

Pursuant to authority contained under the head "Marketing Services" in the Department of Agriculture Appropriation Act, 1952 (7 U.S.C. 414a), the Corporation advances to the Agricultural Marketing Service nonadministrative funds for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d). Costs of such grading and classing of those commodities which are not placed under price support are repaid to CCC from subsequent appropriations.

Under the terms of recently enacted legislation, the Commodity Credit Corporation was directed to make available to the President out of its stocks (1) not to exceed one million long tons of wheat, during the period ending June 30, 1954 for transfer to the Government of Pakistan (P.L. 77, 83rd Congress), and (2) commodities valued at

not more than \$100,000,000, including the Corporation's investment in commodities and handling and delivery costs, for transfer to friendly peoples in meeting famine or other urgent requirements (P.L. 216, 83rd Congress). The latter law provides that no programs of assistance shall be undertaken after March 15, 1954, and both of these laws authorize appropriations to reimburse CCC for its costs.

The facilities and stocks of the Corporation are also authorized (P.L. 115, 83rd Congress) to be used by the Secretary for emergency assistance in furnishing feed and seed to farmers, ranchers, and stockmen in connection with any major disaster determined by the President to warrant federal assistance under Public Law 875 (42 U.S.C. 1855). On November 16, 1953, pursuant to the authority of P. L. 875 the President directed the Corporation to furnish supplies of feed acquired by it in carrying out price support operations for use in the drought emergency program, such supplies to be furnished without reimbursement from presently appropriated funds. The President also stated that Congress would be requested to take specific action for the purpose of reimbursing the Corporation for losses representing the difference between the value of the feed furnished under the directive and the sales price received by the Corporation.

	<u>Limitation,</u> <u>1954</u>	<u>Budget</u> <u>Estimate,</u> <u>1955</u>
Administrative expense limitation <u>a/</u>	\$19,710,000	\$18,000,000

a/ Includes anticipated supplemental of \$2,610,000 due to increased volume of operations.

COMMODITY CREDIT CORPORATION

Basic Assumptions

The Corporation's budget estimates for 1954 and 1955 are based on the general assumptions:

- a. That employment, production, and incomes will continue high through fiscal year 1955.
- b. That prices, on the average, will not exceed the 1953 level.
- c. That yields will be in line with recent averages.
- d. That acreage allotments and marketing quotas will be in effect on the 1954 crops of peanuts, certain kinds of tobacco, wheat and cotton in accordance with existing legislation; and acreage allotments will be in effect on the 1954 crop of corn.

Where deviations from these general assumptions occur with respect to specific commodities, the justification for the particular commodity will so indicate.

In considering these estimates, it is extremely difficult to estimate fund requirements for the year ending June 30, 1955. They are dependent upon weather conditions, the volume of agricultural production in this country and in foreign countries, economic conditions generally, food needs in the occupied areas and other foreign countries, availability of dollar exchange, the extent to which acreages formerly devoted to cotton, corn and wheat will be diverted to other crops, and many other complex and unpredictable factors.

Price Support Operations

General outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, the estimates for fiscal year 1954 reflect substantial increases in the overall volume of price support activities of the Corporation compared with the fiscal year 1953 due mainly to the large 1953 cotton crop. The estimates for fiscal year 1955 reflect substantial decreases compared with the estimates for fiscal year 1954, due primarily to acreage allotments and/or marketing quotas which will be in effect on the major 1954 crops.

Loans - The Budget Estimates contemplate that loan activity will increase in the fiscal year 1954 over 1953 and decrease in 1955 to near the 1953 level. The increase in 1954 is caused primarily by the estimated increase in the volume of cotton loans, whereas the decrease in 1955 reflects a lower volume of loan activity on cotton, corn and wheat due to acreage controls on these crops. A comparison of the estimated loan activity for each of the fiscal years 1954 and 1955 with the actual volume for 1953 is summarized as follows:

<u>Type of activity</u>	Actual	Estimated	Estimated
	F. Y.	F. Y.	F. Y.
	1953	1954	1955
	(in	million	dollars)
Loans made	\$2,122	\$3,081	\$1,955
Repayments	455	1,025	1,133
Loans forfeited	889	1,213	1,357
Loans outstanding, end of year.	1,138	1,978	1,443

Inventories - Increases in the value of inventories for both of the fiscal years 1954 and 1955 are shown in the table below. Although dispositions of commodities through sales and donations are estimated to increase both in 1954 and 1955 total acquisitions by loan forfeitures and purchases are estimated to increase in greater quantity. The principal increases in inventories in both years are due to estimated forfeitures of corn and wheat loan collateral and to a lesser extent in 1955 because of forfeitures of cotton loan collateral. A comparison of the estimated inventory activity for each of the fiscal years 1954 and 1955 with the actual volume for 1953 is summarized as follows:

<u>Type of activity</u>	Actual	Estimated	Estimated
	F. Y.	F. Y.	F. Y.
	1953	1954	1955
	(in	million	dollars)
Acquisitions and carrying charges	\$1,785	\$2,244	\$2,074
Dispositions	520	1,046	1,397
Inventory at end of year	2,339	3,537	4,214

Investment in price support - As a result of the loan and inventory activity set forth above, it is estimated that the investment in price support - inventories and loans outstanding - as of June 30, 1954 and June 30, 1955 will be about five and one-half billion dollars compared with about three and one-half billion dollars as of June 30, 1953.

Supply and Foreign Purchase Program

The main activities carried on are procurement of commodities for the Department of the Army and the Foreign Operations Administration, and initial financing of certain programs authorized under the Defense Production Act to assure adequate supplies of strategic and critical materials.

Total acquisitions are estimated at \$30 million in the fiscal year 1955 compared with an estimate of \$80 million for the fiscal year 1954 and actual acquisitions of \$101 million during the fiscal year 1953. The estimated decrease for the fiscal year 1955 reflects decreased activity under Defense Production operations and decreased purchases of grain, sugar, and processed commodities in the open market for the Department of the Army, the Foreign Operations Administration and others.

Storage Facilities Program

Purchases - During the latter part of fiscal year 1953 it became necessary to contract for an increase of about 95 million bushels in the storage capacity of Corporation-owned storage structures in certain deficient areas. The estimates for 1954 and 1955 reflect delivery of these structures in 1954 and nominal purchases of equipment in both years. No expansion of Corporation-owned structures is now contemplated during the fiscal year 1955. Depreciation and other costs of maintaining the structures and handling and conditioning grain stored therein are reflected as carrying charges on the commodities stored.

Loans and other operations - It is estimated that the Corporation will offer loans for financing the construction or purchase of farm storage facilities having an estimated total capacity of 25 million bushels in fiscal year 1954 and 22 million bushels in 1955 compared with 23 million bushels in 1953. Loans to finance the purchase of mechanical driers are estimated at \$200,000 in 1954 and \$150,000 in 1955 compared with \$231,000 in 1953. Claims covering guaranteed occupancy agreements are expected to amount to \$700,000 and \$1,600,000 for fiscal years 1954 and 1955, respectively. It is also estimated that costs of carrying out tests, experiments, and demonstrations on storing and conditioning Corporation-owned or controlled commodities will amount to \$115,000 in each of the fiscal years 1954 and 1955.

Loan to the Secretary of Agriculture

Pursuant to Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, the Corporation loaned \$35.4 million to the Secretary of Agriculture in fiscal year 1953 and it is estimated that \$31 million will be loaned to the Secretary during the fiscal year 1954 to make advances of conservation materials from January 1 to June 30, 1954. No loan is estimated for fiscal year 1955 pending enactment of legislation to extend Federal operation of the Agricultural Conservation Program after December 31, 1954.

Commodity Export Program

Wheat export - During the fiscal year 1954, the Corporation instituted a program designed to obtain for the United States a reasonable share of the world export wheat and wheat flour market. The Corporation will offer for sale to the export trade, owned wheat, in addition to exports under the International Wheat Agreement, at competitive prices below domestic market but not below the applicable International Wheat Agreement price. It is estimated that commodities valued at \$85.8 million will be exported. No estimate is included for fiscal year 1955.

International Wheat Agreement - For 1955 it is estimated that the Corporation's net expenditures under the Agreement will amount to \$89.2 million, compared with \$84.5 million during 1954 and \$130.8 million during 1953.

Operating Results and Retained Earnings

The Corporation's records show that operations resulted in a net expenditure of \$1,749.3 million in 1953. It is estimated that such operations will result in net expenditures of \$1,091.8 million in 1954 and \$1,165.0 million in 1955. The Treasury, however, does not reflect in the Corporation's checking account note cancellations to reimburse the Corporation for prior years' costs of eradication of foot-and-mouth disease and International Wheat Agreement. For budgetary purposes, therefore, the budget estimates reflect net expenditures of \$1,942.7 million for the fiscal year 1953, and estimated net expenditures of \$1,403.6 million for the fiscal year 1954. The net loss for 1953, including both realized losses of \$114.3 million and net increases in valuation allowances of \$512.4 million, amounted to \$626.7 million. It is estimated that net losses of \$911.0 million and \$613.1 million will be incurred in 1954 and 1955, respectively.

An appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100 million, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100 million, the Corporation pays the surplus to the Treasury.

Commodity Program Summaries

The following commodity summaries covering the various operations which the Corporation anticipates will be required during the fiscal year 1955 indicate the current status of the programs and the bases for the 1955 estimates. Each operation is a part of one of the types of programs previously mentioned. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop corn at 90 percent of parity as required by law.

Eligibility: Eligible commodity is ear or shelled corn produced in 1953 grading No. 3 or better, or No. 4 on test weight only, and meeting moisture requirements.

Eligible participants are 1953-crop corn producers.

Operations: Nonrecourse loans are available from approved lending agencies or direct from the Corporation from about August 1, 1953 through May 31, 1954, maturing July 31, 1954, or earlier on demand. In areas where the ASC State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the Committee. Loans are on a note-and-chattel mortgage basis for farm-stored corn, and note-and-loan agreement basis for warehouse-stored corn. The level of support is 90 percent of parity as of October 1, 1953, or \$1.60 per bushel.

Purchase agreements are offered to producers from harvest (about Aug. 1, 1953) through May 31, 1954. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1954. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1955 ESTIMATE: Price supports to cooperators are mandatory for the 1954 crop at 90 percent of parity, and, with acreage allotments in effect, this support level will be applicable to the commercial corn-producing area; but the level of support outside of the commercial area will be 75 percent of the support level in the commercial area.

With acreage allotments in effect, the total acreage to be planted to corn for harvest in 1954 may be estimated at 78,000,000 acres which, assuming average yields, would indicate a crop of 2,950,000,000 bushels in 1954.

This production being smaller than total requirements, carryover reserves will have to be drawn upon to supplement supplies from the 1954 crop. Prices received by farmers therefore are likely to average a little higher in 1954-55 than indicated for the current marketing year. For these reasons the quantity estimated to be placed under price support in fiscal year 1955 is expected to be somewhat smaller than in 1954. Stocks acquired by CCC in 1954-55 will largely consist of 1953-crop corn and of supplies taken over under the resale program.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of upland cotton at 90 percent of parity as of August 1, 1953, the beginning of the marketing year, and of extralong staple cotton at 2.40 times the support price for upland cotton, as required by law.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1953, and extra long staple cotton produced from 1953 plantings in designated areas, of specified grade and staple length, in bales of at least 300 pounds not compressed to high density.

Eligible participants are producers of 1953-crop cotton with legal right to pledge it as security for a loan, and acceptable cotton cooperative marketing associations.

Operations: Warehouse and farm storage loans are available from about July 1, 1953 through April 30, 1954 on: (1) upland cotton in all cotton-producing States; (2) American-Egyptian cotton produced in designated areas of Arizona, California, Texas, and New Mexico; (3) Sealand and Sea Island cotton produced in designated areas of Georgia and Florida; and (4) Sea Island cotton in Puerto Rico. Loans mature July 31, 1954, or earlier on demand. Loans are made on warehouse-stored cotton covered by Producer's Note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies, or direct from the Corporation and by cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale, except that no charge will be made if samples are submitted under the Smith-Doxey Program.

The average loan rate for Middling 7/8-inch upland cotton, gross weight, is 30.80 cents per pound, and for extra long staple cotton, net weight, 73.92 cents per pound, comprising American-Egyptian at 74.52 cents and Sealand and Sea Island at 56.22 cents. Premiums and discounts, with appropriate location differentials will apply, except that no location differentials will be established for Sealand and Sea Island cotton.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and Section 402 of the Defense Production Act of 1950, as amended (Public Law 429) approved June 30, 1952.

BASIS, 1955 ESTIMATE:

Upland - Acreage allotments will be in effect for 1954-crop cotton. Production is based on the minimum marketing quota of 10,000,000 bales. Exports are expected to increase slightly in both fiscal years 1954 and 1955 above exports during 1953. Domestic disappearance is expected to continue at approximately the same level in fiscal years 1954 and 1955 as in 1953. Since the carryover at the beginning of the 1954-55 marketing year is estimated to be about 9,000,000 bales, it is anticipated that loans will be made on 2,000,000 bales of 1954-crop cotton and that repayments will be received on 1,000,000 bales. This is a substantial reduction below estimated loans to be made on the 1953 crop, reflecting decreased production for the 1954 crop and decreased carry-out at the end of the 1954-55 marketing year.

Extra-long staple - Marketing quotas and acreage allotments will be in effect for extra long staple cotton of the 1954 crop. Production is based on the minimum marketing quota of 30,000 bales. Consumption is expected to increase in fiscal years 1954 and 1955 over that of 1953. However, this increase will be for imported cotton. After consideration is given to prospective price levels for imported cottons, it is estimated that the entire production will be pledged for loans and that repayments will be received on 10,000 bales.

PRICE SUPPORT PROGRAM - Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop peanuts at 90% of parity as required by law when marketing quotas have not been disapproved.

Eligibility: Eligible commodity is 1953-crop inspected, merchantable farmers' stock, quota peanuts suitable for storage and containing not more than 12% foreign material.

Eligible participants are producers or cooperative marketing associations of producers.

Operations: Nonrecourse farm and warehouse storage loans are available to eligible producers at 90% of August 1, 1953 parity, averaging 11.8 cents a pound, from July 15, 1953 through January 31, 1954 maturing May 31, 1954 or earlier on demand. Loans are on a note- and chattel mortgage basis for farm-stored peanuts and note-and-loan agreement basis for warehouse-stored peanuts. They may be obtained from approved lending agencies or direct from the Corporation.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and section 359 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393).

BASIS, 1955 ESTIMATE: Peanut acreage allotments and marketing quotas are in effect for 1953 crop peanuts and it is assumed that the 1954 crop allotment will be at the minimum acreage level permitted by law. It is also expected that even this minimum will result in a surplus production of peanuts.

Loan activity on 1954 crop peanuts during fiscal year 1955 is currently estimated to cover 625 million pounds of peanuts. The estimate is based on an assumption that a little less than one half the crop will be placed under loan although historical evidence is not available to substantiate this estimate. Although only 108 million pounds of peanuts were placed under loan from the 1952 crop in fiscal year 1953, peanut cooperatives are expected to play an increasingly important role in the peanut price support program by placing peanuts under loan and making them available to shellers as needed, thus assisting shellers in their financing operations. Such activities on the part of cooperatives, coupled with difficulties on the part of some shellers in obtaining commercial credit, indicate that loan activities on 1953 and 1954 crop peanuts may be substantially larger than under recent price support programs. The estimated quantities of 1953 and 1954 crop peanuts to be placed under loan are larger than previous highs during the period when loans were made to shellers. However,

during that period provision was made to repurchase peanuts from shellers for which price support had been paid and that feature made it possible for shellers to obtain adequate financing from commercial institutions. The Corporation does not now make loans to shellers or purchase peanuts from shellers.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop rice at 90% of parity as required by law.

Eligibility: Eligible commodity is 1953-crop rough rice other than "mixed rough rice" grading No. 5 or better.

Eligible participants are producers and cooperative marketing associations of producers of 1953-crop rice.

Operations: Nonrecourse loans are available from about July 15, 1953 through January 31, 1954, and will mature April 30, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans are obtained from approved lending agencies or direct from the Corporation. The support price is the announced minimum average of \$4.84 per cwt., which is higher than 90% of parity as of August 1, 1953, the beginning of the marketing year. Premiums and discounts apply for the various varieties, grades, and milling qualities.

Purchase agreements are offered to producers from about July 15, 1953 through January 31, 1954. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare their intention to sell. This period will end on April 30, 1954. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431), and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1955 ESTIMATE: Attractive support levels and the continuation of relatively high market prices are expected to result in slightly larger planted acreage and production for both the 1953 and 1954 crops. Because of this increased production, the marketing situation may be somewhat less favorable to producers than in the past. Thus, an increasingly greater use of the price support program is anticipated. It is currently estimated that between 10 and 15 percent of the 1954 crop production or about 6 million cwt. will be covered by loan

and purchase agreements with about one-half of this quantity delivered to CCC in settlement of loans and purchase agreements. Assuming that the world demand for rice will continue to exceed supplies, it is probable that the Corporation will dispose of stocks acquired at prices approximating its investment.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop tobacco as required by law for those types with respect to which marketing quotas have not been disapproved.

Eligibility: Eligible commodity is tobacco of the 1953-crop grown in the United States and Puerto Rico. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas.

Operations: Nonrecourse loans are offered to cooperators at following levels: flue-cured, Burley, Maryland, Cigar filler and binder, and Puerto Rican, 90% of parity; fire-cured, 75% of Burley rate, dark air-cured and Virginia sun-cured, 66-2/3% of Burley rate.

No support is available to non-cooperators. The loan rates are based on the parity price as of July 1, 1953 for flue-cured; as of October 1, 1953 for other types. No loans, except those necessary to cover carrying and handling charges, will be made under the program prior to or after the dates indicated:

	<u>Earliest Date</u>	<u>Latest Date</u>
Flue-cured	July 1, 1953	February 28, 1954
Burley, fire-cured, dark air-cured, and Virginia sun-cured	Nov. 1, 1953	April 30, 1954
Puerto Rican	Feb. 1, 1954	Sept. 30, 1954
Maryland	April 1, 1954	Nov. 15, 1954
Cigar filler and binder ..	Sept. 1, 1953	July 31, 1954

Loans mature on demand, but not later than June 30, 1956, unless extended by CCC.

Loans are made through grower cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1-1/2 cents per month per \$100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per \$100 per month on tobacco stored in Puerto Rico.

Under the loan agreements the cooperatives in the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to pass this charge on to the grower. The charge in cigar-type areas, where the auction system is not used, will be established at a rate proportionate to the relative costs involved in each area.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714b), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1441-1431).

BASIS, 1955 ESTIMATE: Since tobacco has been subject to acreage allotments and marketing quotas for a number of years, supply and utilization have tended to become stabilized except for occasional variances in production and exports. Hence, the estimated supply and utilization in 1954 and 1955 will not deviate substantially from the past year. It is therefore expected that loan operations in 1955 will approximate those estimated for the current fiscal year. The larger volume of loan operations in 1953 was due to a special program under which tobacco was earmarked for export to the United Kingdom.

PRICE SUPPORT PROGRAM - Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity as required by law.

Eligibility: Eligible commodity is wheat produced in 1954 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better. Eligible participants are 1954-crop wheat producers.

Operations: Nonrecourse loans will be available from about May 15, 1954 through January 31, 1955, and will mature February 28, 1955 in designated States and March 31, 1955 in other States, or earlier on demand. Farm-storage loans will be on a note- and chattel mortgage basis and warehouse-storage loans on a note-and-loan agreement basis. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of July 1, 1954, with an assured minimum national average support price of \$2.20 per bushel.

Purchase agreements will be offered to producers from about May 15, 1954 through January 31, 1955. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on loan maturity date for the State, or on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1442-1443).

BASIS, 1955 ESTIMATE: Price support for the 1954 crop is mandatory at 90 percent of parity to cooperators. A national acreage allotment of 62 million acres has been proclaimed, and, with marketing quotas having been approved by producers voting in referendum, the acreage seeded to wheat for harvest as grain in 1954 is not likely to exceed 62,500,000 acres. Assuming a national average yield of 17.1 bushels per harvested acre, a production of 975 million bushels would be indicated from such acreage, or 188 million bushels less than the currently estimated 1953 production.

As a result of this decreased production, prices received by farmers may be expected to show greater stability during 1954-55 than 1953-54, although the average price received by farmers is estimated to be substantially the same. The volume of wheat placed under price support is estimated to be considerably smaller than in 1953-54 due to the decreased production. With an anticipated drop of \$.35 to \$.40 in the support rate for the 1955 crop, it is estimated that a minimum amount of loans will be repaid which will result in further large acquisitions of collateral and a record CCC inventory on June 30, 1955.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey.

Eligibility: Eligible participant for purchase agreements and loans is any individual, partnership, association, or corporation producing 1953-crop extracted honey.

Eligible commodity is limited to extracted honey of the 1953-crop produced in Continental United States, Hawaii, and Puerto Rico, packed in 60-pound or larger containers, equivalent to or better than U. S. Grade C, and not objectionable in flavor.

Operations: Nonrecourse farm-storage loans and purchase agreements are available from April 1, 1953 through December 31, 1953, and will mature not later than March 31, 1954. Direct purchases are authorized in Hawaii and Puerto Rico.

The national average support price of 10.5 cents a pound reflects 70% of parity as of February 15, 1953, adjusted to the 60-pound container level.

Loans are made on a note-and-chattel mortgage basis and may be obtained from approved lending agencies or direct from CCC. Loan rate is determined on the basis of a sample from the lot or lots which will be placed under loan. Honey is to be stored in an approved storage structure located on or off the producer's premises, excluding public warehouses. Producer is obligated to maintain the structure in good repair and keep honey in good condition. Upon maturity, the producer must pay off the loan or deliver the honey. Settlement with producer will be made on the basis of the applicable support price for the grade, color, and quantity delivered.

Purchase agreement deliveries will be accepted within the maximum quantity specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or to facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1955 ESTIMATE: The estimates for fiscal year 1955 are based upon estimated domestic production of approximately 252,000,000 pounds. The estimates of loan and purchase agreement activities as well as acquisitions are at about the same level as during the 1952-53 season which was the first year of this type of support program.

Although total production is expected to be somewhat smaller than during the 1952-53 season, production is not necessarily the principal determinant of price support activity. Potential surpluses by region, color, or flavor are more important in influencing price support activity than is total production.

Another factor influencing the volume of activity under the price support program is the quantity of honey exported. Although it is assumed that the honey export payment program will be in effect during fiscal year 1955, it is believed that exports during the year will be materially below those during fiscal year 1953 due to expected larger honey supplies in South America which will be offered in European markets in competition with U. S. honey.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general level of prices to producers of milk and butterfat and the products of such commodities from April 1, 1953 to March 31, 1954.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U. S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U. S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U. S. Grade A or higher, packed in commercial domestic or export containers.

Operations: Purchases are made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts are to be dated after March 31, 1953 and not later than March 31, 1954. The Corporation has issued an announcement to purchase the three dairy products in carlot quantity at the following prices:

Butter, U.S. Grade A or higher:

Chicago	65.75	cents	per	lb.
New York	66.50	"	"	"
San Francisco	66.75	"	"	"
Seattle	66.75	"	"	"

Butter, U. S. Grade B:

Chicago	63.75	"	"	"
New York	64.50	"	"	"
San Francisco	64.75	"	"	"
Seattle	64.75	"	"	"

Cheddar cheese, U. S. Grade A or higher:

37.00 cents per lb.

Nonfat dry milk solids, U. S. Extra Grade:

Spray	16.00	cents	per	lb.
Roller	14.00	"	"	"

Purchases of butter are made on a "basing point" method. Base prices will be at the four terminal markets listed above. The purchase price at other points will be at the price of the market named by the seller less 80% of the lowest published domestic railroad carlot freight rate per pound gross weight from the offer point to the designated market.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; and Title II of the Agricultural Act of 1949 (7 U.S.C. 1413).

BASIS, 1955 ESTIMATE: The rate of milk production reached a record level in the last quarter of 1952 and the first quarter of 1953, declined during the summer of 1953 to an annual rate only slightly above the average levels of 1951 and 1952, then increased again in the fall. The annual rate of milk production is expected to remain near the fall level through 1954, with a slight increase in prospect for 1955.

The domestic demand for fluid milk and most dairy products is expected to increase further in 1954 and 1955. Some further decline in butter consumption is likely. Prices of milk and dairy products are not expected to change significantly during the period, except for seasonal adjustments. It is assumed that import controls on dairy products will continue at about present levels. Commercial exports likewise are not expected to change substantially during the next couple of years, but increased quantities of CCC stocks of dairy products will be donated to private welfare organizations for the assistance of needy persons outside the United States in accordance with Sec. 416 of the Agricultural Act of 1949, or will be otherwise exported under Government-financed programs.

Total price support purchases of dairy products for the fiscal year 1954 are expected to be 20 percent greater than total purchases during fiscal year 1953 (on a milk equivalent basis). This is almost 7 percent of the estimated total milk production for the fiscal year 1954 as compared with the purchase of nearly 6 percent of total milk production during fiscal year 1953. As a result of an estimated increase in domestic utilization of dairy products in 1955, price support purchases are expected to be less than in fiscal years 1953 and 1954 and less than 5 percent of total milk production. It is assumed that part of the purchases will be seasonal in nature, and that there will be some sales back into commercial trade channels. Most of the dairy products purchased, however, probably will have to be disposed of outside of commercial channels, such as by sales at reduced prices to foreign governments, sales to U. S. Government agencies and donations pursuant to Sec. 416 of the Agricultural Act of 1949.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

SUMMARY OF LATEST OPERATIONS: 1/

Objective: To support the price of mohair to producers during the period May 1, 1953 through March 31, 1954 at 80% of April 1, 1953 parity.

Eligibility: Domestic mohair secured by approved warehouse receipts, produced in 1953, title and beneficial interest in which is retained by producers. Mohair offered for nonrecourse loans shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse loans to producers through handlers are made available by CCC operating through CSS Commodity Offices. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 5 months from date or on April 30, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 5-month period but not later than April 30, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1955 ESTIMATE: No price support activity is estimated. Mohair prices have continued relatively high for several years, and the Government has not been required to engage in price support activities. Price support for mohair has been mandatory since January 1950. In the commercial market, prices have been supported by a strong demand for use in specialty fabrics and in blends with other natural and man-made fibers. In view of the small production of mohair in prospect, and with strong demand for clothing, mohair prices probably will continue above supports during fiscal year 1955.

1/ Announcement has been made that the level of support for 1954 mohair will be 83 percent of parity as of April 1, 1954, the beginning of the marketing season.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop tung nuts.

Eligibility: Producers of 1953-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet Federal specifications.

Operations: Nonrecourse loans and purchase agreements on eligible tung oil are available from November 1, 1953 through June 30, 1954, maturing October 31, 1954, or earlier on demand. Loans are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. The support price for eligible tung oil shall be determined by the President, CCC, on the basis of a formula designed to reflect the support level of tung nuts.

Purchase agreements are available on eligible tung nuts from November 1, 1953 through January 31, 1954, at \$63.38 per ton. The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement. Notice of intention to deliver tung nuts must be made known by producers within a 30-day period ending March 31, 1954, and to deliver tung oil within a 30-day period ending October 31, 1954.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1955 ESTIMATE: Domestic production of the 1953 and 1954 crops is currently estimated at slightly less than the all-time record 1952 crop, but both total supply and carry-out are estimated to increase.

It is also assumed that the embargo against Chinese tung oil will continue and that imports of tung oil, principally from Argentina, will be so controlled by the exporting country as not to depress United States prices to less than support levels. For these reasons the volume of loans made during each of the fiscal years 1954 and 1955 is estimated to continue at approximately the same level as for the past fiscal year.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS: 1/

Objective: To support the price of wool to producers during the period May 1, 1953 through March 31, 1954 at 90% of April 1, 1953 parity.

Eligibility: Domestic wool shorn or pulled in 1953, title and beneficial interest in which are retained by producer, or shorn wool delivered by the producer thereof to a cooperative marketing association of which the producer is a member (regardless of whether or not title to the wool is transferred to such association). Such association will be considered the "producer" if certain prescribed conditions are met.

Shorn wool of the 1951 clip which was ineligible under the 1952 program because of lack of transfer provisions described above is also considered eligible.

Shorn wool offered for nonrecourse loans or pulled wool tendered for purchase shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse warehouse storage loans to producers through handlers are made available on shorn wool through CCC or by lending agencies. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 6 months from date or on March 31, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 6-month period but not later than March 31, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Purchases of pulled wool from producers or through handlers are made by CCC operating through CSS Commodity Offices.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

1/ Announcement has been made that the level of support for 1954 wool will be 90 percent of parity as of April 1, 1954, the beginning of the marketing season.

BASIS, 1955 ESTIMATE: Domestic wool production in 1955 is expected to show little change from 1954 or current levels. However, world production is expected to increase further from the current record high level.

At the present time, world wool consumption is greater than world production and it is expected that consumption will continue at relatively high levels during the next two years. However, it is expected that synthetic fibers will continue to displace wool. Greatly increased output of synthetics in the United States will result from the new plants which will be in operations.

It is expected that prices received by farmers for wool will continue near current levels in view of continued high consumer incomes. But parity prices also will continue high, although they may decrease from current levels, and a moderate amount of wool is expected to be involved in price support activities in 1955. The volume of wool estimated to be pledged during both the fiscal years 1954 and 1955 is less than the amount pledged during the fiscal year 1953, since in that year both the 1951 and 1952 clips were eligible for loan.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1954-crop barley as a feed grain in order to maintain farm income and economic stability during period of adjustment and to offer an opportunity to increase locally produced supplies of feed needed in drought and other feed-deficit areas.

Eligibility: Eligible commodity is barley produced in 1954 and grading No. 5 or better or No. 5 Garlicky or better. Eligible participants are producers of 1954-crop barley.

Operations: Nonrecourse loans will be available from about May 15, 1954 through January 31, 1955 and will mature April 30, 1955, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stored barley. The national average support price will be \$1.15 per bushel. This support price is 85 percent of September 15, 1953 parity price for all barley. It is estimated that this support price will not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements will be offered to producers from about May 15, 1954 through January 31, 1955. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1955. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: With acreage allotments expected to be in effect for corn, cotton and wheat, the acreage to be seeded to barley in 1954 is estimated to be substantially increased. Assuming that 12 million acres will be seeded and that average yields will materialize, a barley crop of 288 million bushels appears to be in prospect, or about 50 million bushels more than indicated for 1953.

In view of this increased production and the consequent indicated increase in year-end carryover stocks, the average farm price for the 1954-55 marketing year is estimated at \$1.05 against \$1.15 for 1953-54. With price support at 85 percent of parity, loan operations may be expected to be larger than in the fiscal years 1953 or 1954 and the CCC inventory at the end of the 1955 fiscal year is estimated to show an increase of 22 million bushels over the preceding year end.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1953-crop dry edible beans at prices designed to encourage balanced production by classes and to promote orderly marketing. The prices reflect an average price of \$7.79 per 100 pounds, or 87 percent of November 15, 1952 parity.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Red Kidney, Large Lima, and Baby Lima produced in 1953 grading No. 2 or better and containing not in excess of 18 percent moisture. Eligible participants are producers or cooperative marketing associations of producers of 1953-crop dry edible beans.

Operations: Nonrecourse loans are available from harvest through January 31, 1954 and will mature on February 28, 1954 in New York and Michigan and on April 30, 1954 in all other States, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse-stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending April 30, 1954. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: Supplies in the fiscal year 1955 are expected to be closely balanced with indicated requirements and prices for dry edible beans as a whole will compare favorably with most other crops. However, some varieties of beans probably will be long in supply, with prices below the average. Acreage planted to beans is anticipated to increase due both to favorable prices and the desire to profitably utilize acreage diverted from other crops because of allotments and marketing quotas, particularly wheat.

It is estimated that the support level for the 1954 crop will be lower than that of the 1953 crop. Although this should act as a deterrent to excessive overplanting, it is expected that producers will continue to use the support program as a means of assistance in orderly marketing and CCC likely will take over substantial quantities of some varieties in settlement of loans and fulfillment of purchase agreements.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop cottonseed to eligible producers.

Eligibility:

a. Commodities:

- (1) Cottonseed containing not more than 11 percent moisture produced in Continental United States in 1953 by an eligible producer.
- (2) Cottonseed end products from oil mills under contract with CCC.

b. Participants:

- (1) Producers of 1953-crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.
- (2) Participating ginner (those filing notice with County Committee of intention to participate in program).
- (3) Participating oil millers.

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1954, maturing March 1, 1954 or earlier on demand, at \$54.50 per ton (75% of May 15, 1953 parity) direct by CCC and through approved lending agencies, on a note-and-chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Purchases: CCC will issue an open offer to purchase cottonseed from producers and participating ginner through February 28, 1954. The purchase rate to ginner will be \$54.50 per ton for basis grade (100) cottonseed, f.o.b. gin, and to producers, \$50.50 per ton. Ginner must agree to pay eligible producers not less than the support price. CCC will also issue an open offer to purchase certain cottonseed end products, from participating oil mills, for delivery not later than September 15, 1954 upon condition that all cottonseed purchased by the mills directly from producers be purchased at not less than the price CCC agrees to pay

producers, and that all cottonseed purchased from CCC and others be purchased at not less than the f.o.b. gin price specified. Tender of end products processed from cottonseed purchased from producers by participating ginner or oil mills may be made through June 30, 1954. All support and purchase prices above mentioned are subject to premiums and discounts.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: No provision is made in these estimates for a price support program for the 1954 crop of cottonseed. Acquisitions of approximately 58,000,000 pounds of refined oil and 163,000,000 pounds of meal during the fiscal year 1955 reflect carry-over operations resulting from commitments on the 1953 crop program. In addition, it is estimated that inventory dispositions will consist of 400,000,000 pounds of refined oil, 282,500,000 pounds of linters, and 312,600,000 pounds of meal.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1954-crop flaxseed.

Eligibility: Eligible flaxseed is that produced in 1954 and grading No. 2 or better. Eligible participants are producers of 1954-crop flaxseed.

Operations: Nonrecourse loans will be available from about April 1, 1954 through October 31, 1954 in Arizona and California and through January 31, 1955 in all other States. Loans will be made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse. Loans will mature on January 31, 1955, or earlier on demand in Arizona and California and on April 30, 1955 in all other States. The national average support price for flaxseed grading No. 1 will be \$3.14 per bushel. This support price is 70 percent of the parity price of all flaxseed as of September 15, 1953. It is estimated that this support price will not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1955 in Arizona and California and ending April 30, 1955 in all other States, or on such earlier dates as may be prescribed by the President, CCC. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases, if necessary, will be made in designated Texas counties from harvest through July 31, 1954, if the market price is not equal to or in excess of the support in such counties. This operation may be necessary, since flaxseed produced in this area contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: An increase in the acreage planted to flaxseed is anticipated for the 1954 crop due to controls of acreage on other crops, particularly wheat. Assuming average yields, an increase of 4 million bushels in production is indicated for the 1954 crop.

With the lowest seasonal average price received by farmers anticipated since 1945-46, it is estimated that a record volume of flaxseed will be placed under price support and that CCC will acquire 80 percent of the collateral pledged.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers at 90 percent of estimated April 1, 1953 crude gum parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through I, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, who cooperate in the 1953 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Department.

Operations: Loans are governed by an agreement between CCC and the single producer association representing about 95 percent of domestic gum production. Loans are available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1953 and mature March 31, 1954 or earlier on demand. The loan rate, estimated April 1, 1953 at 90 percent of parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin, is \$129.81. Initial loan rates are 50 cents per bulk gallon of turpentine and \$7.49 per cwt. of rosin, Grades WG, WW, and X, with a rate of 10 cents lower for Grades N, M, K and I.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE:

Rosin: The estimates for the 1954 gum rosin crop are based on a support level of 80 percent of crude gum parity as compared with the present support level of 90 percent for the 1953 crop. As a result of the lower support level and the estimated decline in rosin output both here and abroad, it is anticipated that less rosin will be pledged and that the bulk of it will be redeemed.

Turpentine: The estimates for the 1954 gum turpentine crop are based on a loan rate of \$.40 per gallon as compared with the 1953 support rate of \$.50 per gallon. The overall 1954 support for the crude gum from which the turpentine (along with rosin) is derived is estimated at 80 percent of crude gum parity as compared with a support level of 90 percent for the 1953 crop. As a result of the lower support level and the estimated decline in turpentine output, it is anticipated that about 11 percent less gum turpentine will be pledged for loan during the fiscal year 1955 as compared with the amount estimated to be pledged during the current year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1954-crop oats in order to maintain farm income and economic stability during period of adjustment and to offer an opportunity to increase locally produced supplies of feed needed in drought and other feed-deficit areas.

Eligibility: Eligible commodity is 1954-crop oats grading No. 3 or better. Eligible participants are producers of 1954-crop oats.

Operations: Nonrecourse loans will be available from about May 15, 1954 through January 31, 1955 and will mature April 30, 1955, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats. The national average support price will be 75 cents per bushel. This support price is 85 percent of September 15, 1953 parity price for all oats. It is estimated that this support price will not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements will be offered to producers from harvest through January 31, 1955. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1955. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: With acreage allotments and marketing quotas in effect for the 1954 crop of wheat and acreage allotments on the 1954 crop corn, the acreage seeded to 1954 crop oats may be expected to show a substantial increase. Assuming that 45,500,000 acres will be seeded and that average yields materialize, a crop of 1,388 million bushels would result, which would be about 183 million larger than the 1953 crop.

Prices received by farmers in 1954-55 will likely average somewhat lower than in 1953-54 and about \$.05 below the support price of \$.75 per bushel. As a result of lower average prices received by farmers and of 15% increase in production, a record volume of oats is anticipated to be placed under loan and the CCC inventory will be increased by 122% during the year ending June 30, 1955.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1954-crop rye in order to maintain farm income and economic stability during period of adjustment and to offer an opportunity to increase locally produced supplies of feed needed in drought and other feed-deficit areas.

Eligibility: Eligible commodity is rye produced in 1954 and grading No. 2 or better, or grading No. 3 solely on the factor of test weight, containing not in excess of 1% ergot.

Eligible participants are producers of 1954-crop rye.

Operations: Nonrecourse loans will be available from about May 15, 1954 through January 31, 1955 and will mature April 30, 1955, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis for warehouse-stored rye. The national average support price will be \$1.43 per bushel. This support price is 85 percent of September 15, 1953 parity price for all rye. It is estimated that this support price will not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements will be offered to producers from harvest through January 31, 1955. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1955. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: A substantial increase in the acreage planted to rye is anticipated for the 1954 crop due to controls of acreage on other crops, particularly wheat. Assuming average yields, a production of $3\frac{1}{2}$ million bushels more than the indicated 1953 crop production is estimated.

Although domestic disappearance and exports in 1954-55 are estimated to be somewhat larger than in the previous marketing year, an increase of 2 million bushels in the July 1, 1955 carryover appears to be in prospect.

Prices received by farmers are, therefore, estimated to average lower in 1954-55 than in 1953-54 resulting in a slight increase in the loan activity.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1954-crop grain sorghums in order to maintain farm income and economic stability during period of adjustment and to offer an opportunity to increase locally produced supplies of feed needed in drought and other feed-deficit areas.

Eligibility: Eligible commodity is grain sorghums produced in 1954 grading No. 4 or better, or No. 4 Smutty or better, and containing not more than 13 percent moisture. Eligible participants are producers of 1954-crop grain sorghums.

Operations: Nonrecourse loans will be available from April 1, 1954 through January 31, 1955 and will mature March 31, 1955, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements. The national average support price is \$1.28 per bushel. This support price is 85 percent of September 15, 1953 parity price for all grain sorghums. It is estimated that this support price will not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements will be offered to producers from April 1, 1954 through January 31, 1955. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1955. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: A substantial increase in the acreage planted to grain sorghums is anticipated for the 1954 crop due to acreage controls on cotton and wheat. Assuming average yields, a production of about 190 million bushels may be expected, or 73 million bushels more than indicated for the 1953 crop. As a result of this anticipated increased production and consequent increased carryout in prospect, prices received by farmers will probably average

significantly lower in 1954-55 than in 1953-54, resulting in an estimated increase in the volume of grain sorghums to be placed under loan. The indicated increased production for the 1953 crop of grain sorghums over the 1952 crop and recently weakened prices are expected to result in more grain sorghums entering the loan this year than occurred last year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop soybeans in order to maintain high-level production to meet demand for high-protein feeds and to promote orderly marketing.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading No. 4 or better on all other factors. Eligible participants are producers of 1953-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1953) through January 31, 1954, maturing May 31, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts when place of storage is an approved public warehouse. The national average support price is \$2.56 per bushel, 90 percent of September 15, 1952 parity. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are available to producers from harvest through January 31, 1954. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1954, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1955 ESTIMATE: A substantial increase in the acreage planted to soybeans is anticipated for the 1954 crop due to acreage controls on other crops, particularly corn. Based on indications at this time, a production of 328 million bushels may be

anticipated. Although most of this increase in production is estimated to be moved into domestic consumption and larger exports, a record carryover would appear to be indicated for the end of the marketing year. This, together with a lower support level, is estimated to result in weakened prices and an increased volume of soybeans entering the loan. It is also estimated that the volume of soybeans entering the loan this year will exceed last year's volume due to recent decreases in soybean prices.

PRICE SUPPORT PROGRAM

Strategic and Critical Materials

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange Commodity Credit Corporation owned commodities for (1) strategic and critical materials produced abroad, and (2) other than strategic materials required for overseas programs of other government agencies.

Eligibility: Materials designated strategic and critical must have been so designated by the Office of Defense Mobilization, or its predecessor, pursuant to Section 2 of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520, 79th Congress) and must have been produced abroad. Other than strategic materials are those which other government agencies require to meet overseas program commitments and such agencies have designated the kind, quality, schedule of delivery, and other conditions, the acquisition of which such other agencies, or their government procurement agent, have agreed will be acceptable. Domestic agricultural commodities exchanged for the above-mentioned types of materials shall be those acquired by the Commodity Credit Corporation and consideration shall be given to assure that their export will not impair price support programs or the normal export of such commodities.

Operations: The usual policy of the Commodity Credit Corporation has been to consider only materials for which the Corporation can receive immediate reimbursement from the General Services Administration as procuring agent for the national stockpile or as procuring agent for other government agencies, although the Corporation has the authority to exchange strategic or other materials which the General Services Administration cannot accept immediately because of insufficient funds or other reasons or for which there is no immediate outlet for dollars to any government agency or to private industry. Exchanges are normally made on a quantity for quantity basis with exchange values figured on a dollar for dollar basis to determine the quantities. The fair market value of the strategic or other materials to date has been determined by the General Services Administration and the agricultural commodities given in the exchange are normally based on market price as determined by the Commodity Credit Corporation. The Commodity Credit Corporation may deal directly with foreign governments or through private trade channels, but where practicable, the latter is given preference.

Authority: Commodity Credit Corporation Charter Act, as amended: Section 4(h) insofar as strategic and critical materials are concerned; and, particularly, Section 5 (f) insofar as other than strategic materials are concerned.

BASIS, 1955 ESTIMATE: It is estimated that Commodity Credit Corporation owned commodities valued at \$30,000,000 will be exchanged for strategic and critical materials produced abroad or other above-mentioned materials during the fiscal year 1955, the same value as is now estimated for exchange during the current fiscal year. During the fiscal year 1953 commodities valued at \$11,491,900 were exchanged.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this program.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

The defense production program includes a program to encourage and develop sources of supply of castor beans within the Continental United States and to insure a supply of castor beans, oil, and planting seed for industrial uses and stockpiling in connection with national defense.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; Public Law 429 approved June 30, 1952).

BASIS, 1955 ESTIMATE: The main activities carried on are procurement of commodities for the Department of the Army and the Foreign Operations Administration, and initial financing of certain programs authorized under the Defense Production Act to assure adequate supplies of strategic and critical materials.

Total acquisitions are estimated at \$30 million in the fiscal year 1955 compared with an estimate of \$80 million for the fiscal year 1954 and actual acquisitions of \$101 million during the fiscal year 1953. The estimated decrease for the fiscal year 1955 reflects decreased activity under Defense Production operations and decreased purchases of grain, sugar, and processed commodities in the open market for the Department of the Army, the Foreign Operations Administration and others.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately owned storage facilities are not adequate.

Storage use guarantees were negotiated under agreements with commercial firms, including cooperatives, operating under the Uniform Grain Storage Agreement, to encourage an additional 200,000,000 bushel capacity for grains and oilseeds. Optional plans provided for guarantees of (1) 75% occupancy for a period of 3 years, to be reduced to 40% for the next 2 years; (2) 60% occupancy for 5 years; and (3) 50% occupancy for 6 years. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. CCC has the option to require warehousemen to reserve space for storage up to the maximum amount of the occupancy guarantee level. The annual rate per bushel for unused space under the guarantee shall be 75% of the applicable annual area rate under the Uniform Grain Storage Agreement for wheat for the year the occupancy did not reach guarantee level. The offering of new storage agreements was discontinued September 30, 1953.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of four years, payable in equal annual principal payments, with interest at the rate of 4% on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity (\$30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80% of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past-due payable or pre-payable installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of mobile drying equipment. Loans are for a maximum period of three years, payable in equal annual principal payments beginning on the first anniversary date of disbursement of the loan, with interest at the rate of 4% per annum on the unpaid balance. The maximum amount to be loaned on mobile drying equipment is 75% of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past-due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS, 1955 ESTIMATE: It is estimated that the Corporation will offer loans for financing the construction or purchase of 22-million bushel capacity farm-storage facilities during the fiscal year 1955. While there is a continuing need for farm storage facilities, the rate of purchase or construction may be less than the previous fiscal year.

In addition, the Corporation will offer loans for financing the purchase of mobile dryers, ventilators, and tunnels of an estimated amount of \$150,000.

Claims covering guarantee occupancy contracts are expected to amount to \$1,600,000 in the fiscal year 1955.

Funds in the amount of \$115,000 are needed to carry out tests and experiments to maintain the quality of grain owned and held by the Corporation by improving storage, handling, and conditioning of such grain at bin sites and by developing better methods for caring for grain and related commodities held on the farm as collateral against CCC price support loans.

The purchase of additional storage structures during fiscal year 1955 is not now anticipated.

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported, or aid in the development of export markets for, agricultural commodities and products. The purpose of this program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. Current operations under this program are (1) a wheat export program and (2) International Wheat Agreement activities. It is possible that other commodities may be exported or caused to be exported under this program should conditions develop which were not anticipated at the time the 1955 Budget was prepared.

WHEAT EXPORT PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To institute a program designed to obtain for the United States a reasonable share of the world export wheat and wheat flour market.

Eligibility: Eligible commodity is CCC-owned wheat offered for sale to the export trade for export as wheat or flour. Persons buying the wheat for export will be required to give evidence of export sales and certify that the wheat will not be substituted for International Wheat Agreement exports. Sales of wheat will not be eligible for International Wheat Agreement subsidy and will not be eligible for application to any country's guaranteed purchases under the International Wheat Agreement.

Operations: Under this program wheat will be offered to the export trade for export as wheat or flour, in addition to exports under the International Wheat Agreement, at competitive prices below domestic market price but not below the applicable International Wheat Agreement price.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; and Section 407 of the Agricultural Act of 1949.

BASIS, 1955 ESTIMATE: In order to increase the exports of United States wheat and flour by regular U. S. exporters and to maintain the U. S. position in the world wheat market at a competitive world price, the Corporation, during fiscal year 1954, has offered to sell a limited quantity of Corporation-owned wheat for export in addition to wheat moving under the International Wheat Agreement program. It is estimated that not more than 35,000,000 bushels will move under this program.

It is not now anticipated that any activity will occur under this operation during fiscal year 1955.

WHEAT AND WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the revised and renewed International Wheat Agreement. The objective of the International Wheat Agreement is to encourage exportation of wheat and wheat flour to participating importing countries and at the same time exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the Agreement.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation:

- (1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the United States Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchasers are charged for carrying charges and marketing costs as permitted under the International Wheat Agreement.
- (2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota.

The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of \$2.05 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur. Since the exact cost of operations

under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress).

BASIS, 1955 ESTIMATE: The budget estimate assumes that sales will be made at or near the maximum Wheat Agreement price during fiscal 1955. It is also assumed that approximately 190 million bushels will be exported. The net cost of such exports to the Government, including administrative costs and interest to the date of recovery by the Commodity Credit Corporation, is estimated at \$88,999,000. The domestic price, converted to an f.o.b. ocean vessel basis and weighted according to the quantities expected to be exported from the various U. S. ports, is estimated to be \$2.45 per bushel. The weighted average price at which it is estimated wheat will be sold under the agreement is \$2.00 per bushel. This average price is based on the maximum price of \$2.05 per bushel for No. 1 Manitoba Northern wheat in store, Fort William/Port Arthur, Canada, converted to an f.o.b. ocean vessel basis U. S. ports adjusted to take account of quality differences between "Weighted average U. S. wheat" and No. 1 Manitoba Northern wheat. Thus, the estimated cost under the International Wheat Agreement operation of 45 cents represents the difference between the estimated domestic price and the maximum International Wheat Agreement price.

EMERGENCY FEED PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide a program to afford livestock producers feed or other assistance for herd and flock maintenance in disaster areas designated by the President.

Eligibility: Commodities are CCC-owned feed grains and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feed acquired under the price support program.

Recipients are farmers, ranchers, and stockmen, of declared disaster areas, whose eligibility is established by local committees.

Operations: The facilities and stocks of the Corporation are authorized (P. L. 115, 83rd Congress) to be used by the Secretary for emergency assistance in furnishing feed and seed to farmers, ranchers and stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 U.S.C. 1855). On November 16, 1953, pursuant to the authority of P. L. 875, the President directed the Corporation to furnish at less than market cost supplies of feed acquired by it in carrying out price support operations for use in the drought emergency program, such supplies to be furnished without reimbursement from presently appropriated funds. The President also stated that Congress would be requested to take specific action for the purpose of reimbursing the Corporation for losses representing the difference between the value of the feed furnished under the directive and the sales price received by the Corporation. Public Law 175, 83rd Congress, appropriated \$40,000,000 which is available for handling, processing, shipping, and other expenses of the Corporation relating to the delivery of the emergency feed supplies to disaster areas.

Emergency feed is available to eligible farmers, ranchers and stockmen during fiscal year 1954 at \$1.00 per bushel for corn, \$1.10 per bushel for wheat, 50¢ per bushel for oats, and \$35.00 per ton for cottonseed meal, pellets and slab cake in designated counties in the following States: Alabama, Arkansas, Colorado, Florida, Kansas, Kentucky, Mississippi, Missouri, Nevada, New Mexico, North Carolina, Oklahoma, Tennessee, Texas, Virginia, West Virginia, Utah, Wyoming, and Territory of Hawaii (designated areas). The value of CCC inventories used in this program shall be at the prevailing price.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), Public Law 115, 83rd Congress, and Presidential directive dated November 16, 1953, pursuant to P. L. 875 (42 U.S.C. 1855).

BASIS OF ESTIMATE: No estimates are included in the Budget for operations beyond fiscal year 1954.

ADMINISTRATIVE EXPENSES

Administrative expenses cover the costs of the general supervisory and operating staff engaged in carrying out the programs of the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office and rental costs for the Corporation's proportionate share of the office space in Government-owned buildings in Washington occupied by personnel of the Commodity Stabilization Service are included as administrative expenses. Not included in this category, however, are necessary expenses (including special services performed on a contract or fee basis, but excluding other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as non-administrative as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed in the Budget for the fiscal year 1955 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as non-administrative expense all expenses of the types which have been so treated during the 1953 and 1954 fiscal years. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

Administrative services are performed for the Corporation by the employees of the Commodity Stabilization Service, and the Corporation assumes its equitable share of the costs of Commodity Stabilization Service personnel and other expenses. In addition, the Corporation utilizes the services of other agencies when it is advantageous to do so.

The requested administrative expense authorization does not include any amount for administrative expenses incurred in connection with the supply and foreign purchase program. Under this program, the Corporation procures agricultural commodities for sale to other Government agencies, to foreign governments, to domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this program. The budget for the fiscal year 1954 contemplates that the Corporation will be fully reimbursed for administrative expenses incurred in connection with this program. Such reimbursements, which are generally obtained through a mark-up on invoices evidencing sales under this program, are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program.

Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales, or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Appropriation Act, 1954 (Limitation on use of corporate funds)	\$17,100,000
Proposed Supplemental, 1954	a/2,610,000
Base for 1955	19,710,000
Budget Estimate, 1955	18,000,000
Decrease	<u>-1,710,000</u>

SUMMARY OF DECREASES, 1955

Decrease in connection with the price support program	-1,708,400
Decrease in connection with liquidation of the subsidy program	-1,600

PROJECT STATEMENT

Project	1953	1954 (estimated)	Increase or Decrease	1955 (estimated)
1. Price support program ...	\$14,895,430	\$18,583,400	-\$1,708,400(1)	\$16,875,000
2. Storage facilities program	1,002,006	1,110,000	-	1,110,000
3. Commodity export program:	6,437	15,000	-	15,000
4. Subsidy program (in liquidation)	4,847	1,600	1,600(2)	-
Unobligated balance	583,390	-	-	-
Costs under Penalty Mail Act (P.L. 286)	-	142,232	110,023	152,255
Total available or estimate:	\$16,492,110	\$19,710,000	-\$1,710,000	\$18,000,000
Reduction pursuant to Section 412	7,890			
Total limitation or estimate:	\$16,500,000			

DECREASES

The decrease of \$1,710,000 in this item for 1955 below the total anticipated to be available for 1954 consists of the following:

(1) A decrease of \$1,708,400 for the price support program:

Overall price support program volume estimates are substantially lower than for the current fiscal year. This decrease is due primarily to an anticipated decrease in the production of corn, cotton, and wheat from the 1954 crops, resulting from acreage allotments on these commodities.

a/ The 1955 Budget indicates that a supplemental estimate for 1954 will be submitted to provide an additional \$2,610,000 for administrative expenses to enable the Corporation to handle a substantially increased volume of commodities above that originally contemplated for 1954.

It is estimated that the acquisition of wheat pledged as collateral from price support loans will decrease from 302,500,000 bushels to 230,000,000 bushels. The volume of commodities placed under loan is also estimated to decrease substantially during the fiscal year 1955; corn loans are estimated to decrease from 385,500,000 bushels in the fiscal year 1954 to 275,000,000 bushels in the fiscal year 1955 and wheat loans are estimated to decrease from 427,118,000 bushels to 310,000,000. Cotton loan activities during the fiscal year 1955 are expected to be less than one-third of the volume estimated for the fiscal year 1954. It is anticipated that cotton producers will be allowed to extend their loan on 1953 crop cotton into fiscal year 1956. However, cotton producers were also allowed to extend their loans on 1952 crop cotton for another year, resulting in the acquisition of the 1952 crop cotton by the Corporation in fiscal year 1955. This factor plus an estimated increase in the volume of the smaller grains such as barley, oats, grain sorghums and soybeans will partially offset the decreases in the volume of other commodities.

The program volume estimates are highly tentative because the commodities upon which present estimates of workload are largely based have not as yet been planted or produced. The downward effect that acreage allotments should have on the production of these commodities has been taken into consideration in estimating the program volume of price support operations. To illustrate, these estimates reflect, under existing legislation and assuming average yields, a 70% decrease in cotton loans made during the fiscal year 1955 because of an estimated 39% reduction in production; a 27% decrease in wheat loans made during the fiscal year 1955 because of an estimated 16% reduction in production; etc. However, it is quite possible that acreage allotments may not succeed fully in reducing production to the level upon which these estimates are predicated. These estimates are also predicated upon the assumption that yields will be in line with recent averages in spite of the fact that the yield per acre planted has increased steadily over the past few years. This is the result of better farming practices and improvements in seeds, insecticides, machinery, etc. In addition, producers will use more fertilizer and insecticides and devote their best lands to the production of those crops upon which acreage allotments have been placed and thereby obtain still higher yields. Thus, even with acreage allotments, production may exceed requirements and result in a larger workload for the Corporation.

(2) A decrease of \$1,600 for the subsidy program in liquidation:

It is anticipated that the work of the Corporation in connection with the wartime consumer subsidy operations will be completed during the fiscal year 1954. Therefore, it is estimated that no funds will be required for this program in the fiscal year 1955.

Functional Budget Statement

Function	1953 Actual	1954 Estimated	1955 Estimated
1. Program Formulation & Direction	\$1,966,870	\$2,067,200	\$2,034,200
2. Fiscal, Transportation & Warehousing Services	992,659	991,113	991,113
3. Audit Compliance & Investigation	1,430,291	1,299,100	1,299,100
4. Program Field Operations	10,904,937	14,646,793	12,969,793
Add: Transfers to Cooperating Agencies	613,963	705,794	705,794
Unobligated balance	583,390	-	-
TOTAL LIMITATION	\$16,492,110	\$19,710,000	\$18,000,000

Function 1. Program Formulation and Direction.

This function includes formulating the programs and program policies; developing the operating provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operations. These operations are performed by the Board of Directors, the Advisory Board, the Administrator of Commodity Stabilization Service, and the CSS Commodity Divisions, and include continuous economic, analytical and other related work required on announced programs, and on related commodities.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the designated non-basic commodities -- wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for other commodities is discretionary. The level of support for designated non-basic commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic factors set forth in the Act. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. (Actual operations in the field are carried out through the Commodity Stabilization Service Commodity Offices and the Agricultural Stabilization and Conservation State and County Offices. (See function 4).

The decrease in estimated obligations for this function is primarily due to non-recurring costs in connection with printing of program forms.

Function 2. Fiscal, Transportation and Warehousing Services.

These services include (1) determining overall fiscal, accounting and price policy, (2) determining overall policy for custody, transportation and

warehousing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included also is the technical supervision of these functions and the maintenance of the overall books and accounts of the Corporation.

These functions are performed by the Fiscal and Transportation and Warehousing Divisions, and, in addition to providing operational data for the everyday management and conduct of business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

Function 3. Audit, Compliance and Investigation Services.

These services determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered, detect fraud or program violations and assist in criminal or civil litigation.

In addition to specific recoveries to the government resulting from fines, penalties, disallowed claims and collection of loans, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

Function 4. Program Field Operations.

Programs will be carried out in the field through eight Commodity Stabilization Service Commodity Offices. Their functional operations apply to accounting for loans, inventories and costs, and the storage, management and disposition of inventory of all commodities. The establishment of one of these offices to handle processed commodities such as butter, cheese, milk, etc., is now under way and will relieve the other offices of burdensome backlogs. Inasmuch as most of the functions of the new office will be transferred from the other Commodity Offices, the additional costs resulting from the establishment of this office will consist primarily of additional supervisory costs. These costs are included in present estimates.

The amounts required by the CSS Commodity Offices during the fiscal years 1954 and 1955 were determined in the same manner as for previous budgetary submissions. The operating budgets for these offices for the current fiscal year have also been prepared in this manner. The method used is based upon the monthly "Work Status Report". This report reflects the actual number of documents (freight bills, loading orders, notes, etc.) processed and the actual man-days required for such processing for each office. The estimated program volume to be handled by each office was converted into the number of documents to be processed during each fiscal year. On the basis of experience as reflected in the "Work Status Report", the productivity rates expected to be attained were applied to the documents to be processed to determine the man-days required. This covered all of the expenses of these offices, except funds used for fixed operating costs such as supervisory personnel and costs other than personal services which were estimated on the basis of past experience.

The "Work Status Reporting" system went into full operation in February 1951. The fiscal year 1952 fund allocations to the CSS Commodity Offices were based on productivity rates or a budgetary goal, 15% higher than attained during the four-month period February - May 31, 1951. Actual production for the fiscal year 1952, although 10% lower than the goal, was 3% higher than during the four-month period used as a base. The productivity rates used in allocating funds to the CSS Commodity Offices for the fiscal year 1953 were based on a budgetary goal 3% higher than the production attained during the fiscal year 1952. Actual production for the fiscal year 1953 was 11% higher than the goal.

In view of the increased workload estimated for 1954, the operating budgets for the CSS Commodity Offices for 1954 and Budget Estimates for 1955 contemplate increased production rates for the third and fourth consecutive years. While precise percentages by which productivity in 1954 and 1955 is expected to exceed performance in 1953 can be ascertained, heavy increases in certain types of work, particularly cotton pooling activities for which the volume, and consequently production rates, were relatively low, would tend to distort an over-all percentage so computed.

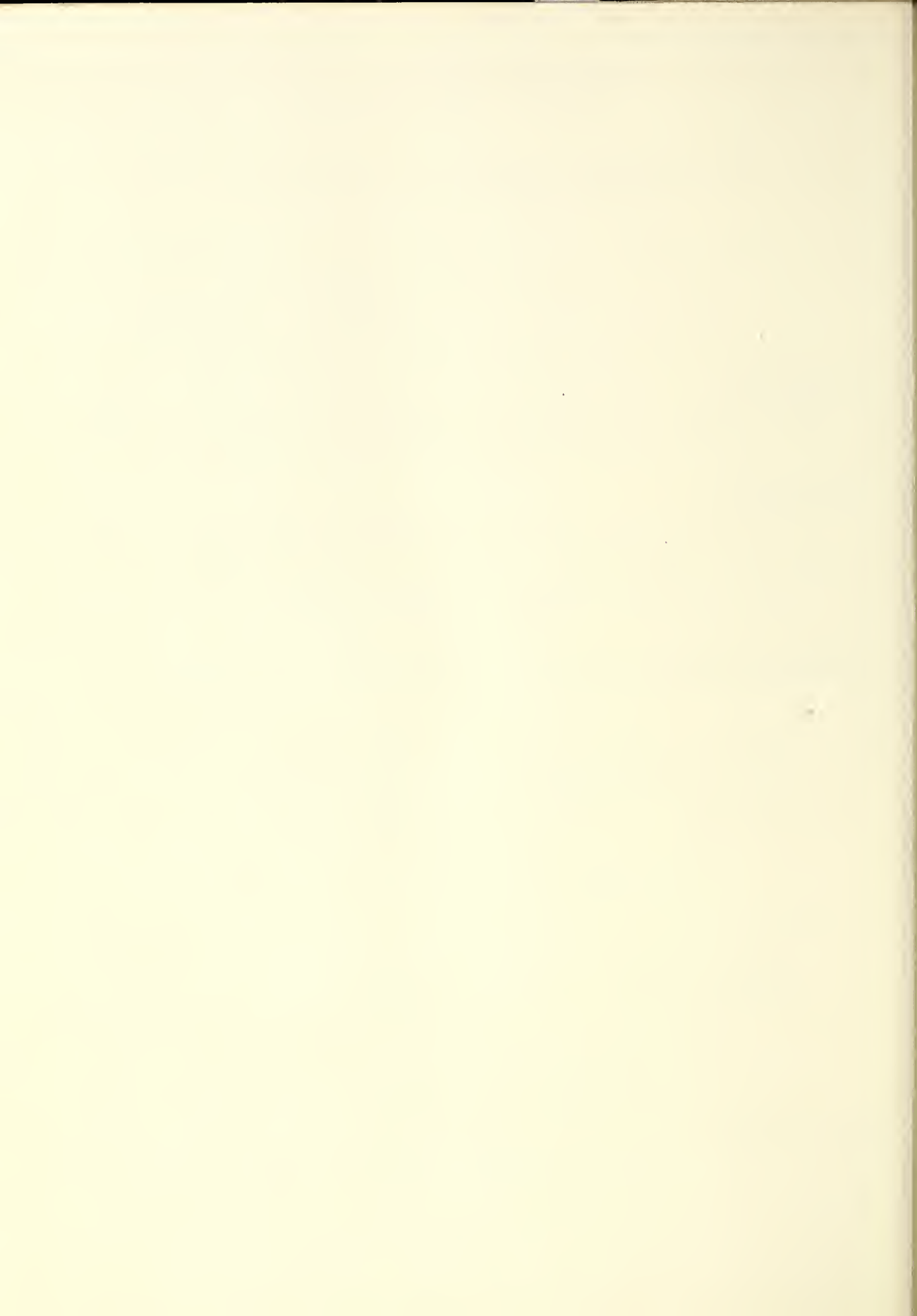
The amount of funds required for program field operations is directly related to the volume of program operations. The attached Table 1 reflects the volume of program operations for the fiscal years 1954 and 1955 and Table 2 reflects this volume in terms of man-years and financial requirements for program field operations.

As shown in Table 1, the estimated workload for the CSS Commodity Offices for the fiscal year 1955 is less than for the fiscal year 1954. This is primarily due to acreage allotments on some of the major commodities. Carlot acquisitions of commodities other than cotton are estimated to be 19% below the volume estimated for the fiscal year 1954 while carlot dispositions of these commodities are at about the same level for both fiscal years. Partially offsetting this decrease and the large decrease in cotton loan activities are the acquisition and pooling operations in connection with the takeover of 1952 crop cotton, which because of the extension of 1952 crop cotton loans for another year, were not performed in the fiscal year 1954.

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY STABILIZATION SERVICE

TABLE 1 - Estimated Volume of Commodities - Commodity Credit Corporation
Price Support and Storage Facility Programs
Fiscal Years 1954 and 1955

	All Commodities except Cotton (Carlots)		Cotton (000's bales)	
	1954	1955	1954	1955
I. <u>NOTE SERVICING</u>				
A. Direct Loans	31,918	26,150	1,650	500
B. Indirect Loans	500,051	409,704	4,905	1,530
C. Loans Resealed	24,405	-	-	-
II. <u>NOTE LIQUIDATION</u>				
A. Loans Repaid:				
1. Direct Loans	49,630	74,075	600	500
2. Indirect Loans	84,504	126,127	1,865	1,600
B. Loans Forfeited:				
1. Warehouse Stored	141,308	132,840	-	1,300
2. Farm Stored	211,962	199,258	-	-
III. <u>INVENTORY MANAGEMENT</u>				
A. On Hand Beginning of Fiscal Year	481,139	766,279	236	136
B. Additions:				
1. Purchases	62,545	24,137	-	-
2. Purchase Agreement Deliveries	64,149	31,852	-	-
3. Forfeiture of Collateral.....	353,270	332,098	-	1,300
4. Exchanges	10,000	10,000	-	-
5. Transfers	60,000	45,000	-	-
Total Additions	549,964	443,087	-	1,300
C. Dispositions:				
1. Sales	187,503	194,769	100	636
2. Donations	7,321	14,911	-	-
3. Exchanges	10,000	10,000	-	-
4. Transfers	60,000	45,000	-	-
Total Dispositions	264,824	264,680	100	636
D. On Hand End of Fiscal Year	766,279	944,686	136	800
IV. <u>RECONCENTRATIONS</u>	180,000	169,000	1,900	629



United States Department of Agriculture
Commodity Stabilization Service
Program Field Operations

TABLE 2

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Estimated Workload, Man-Year Requirements and Costs, Fiscal Years 1954 and 1955

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Production Rate per Man-Year	Fiscal Year 1954		Fiscal Year 1955	
				No. of units to be processed	Man-Years Required	No. of units to be processed	Man-Years Required
	PROGRAM ACTIVITIES						
	I. INVENTORY MANAGEMENT						
	A. Storage and Maintenance						
	1. Commercial						
01	a. Storage Contract Negotiations	Contract Document	548	20,817	38.0	20,817	38.0
02	b. Space Allocation	x x x x	-	-	11.3	-	13.2
	c. Inspection						
03	(1) By Commodity Office	Examination	157	12,022	76.6	12,022	76.6
04	(2) By Commodity Inspection Office	Inspection Request (lot)	7,465	114,283	15.3	114,283	15.3
	d. Payments of Charges						
05	(1) Prov. or Part. Payment	Payment	705	7,041	10.0	7,041	10.0
06	(2) Periodic Payments	Invoice	1,644	5,198	3.2	5,198	3.2
	a. Cotton						
07	b. Other Commodities	Invoice	1,018	28,855	28.3	28,855	28.3
08	(3) Loading Order Settlement	Loading Order	209	50,005	239.3	44,291	211.9
09	Reconcentration Payment, (4) Cotton	Invoice	3,132	39,408	12.6	13,000	4.2
10	(5) Other Services	Invoice	1,775	17,433	9.8	17,433	9.8
11	2. CCC-Owned Facilities Bin Acquisitions, Install. Equip. and Maintenance	Invoice or Expenditure Document	3,184	5,754	1.8	5,754	1.8
	B. Movements and Transfers						
	1. Delivery Instructions						
12	a. Loading Orders	Loading Order	392	50,005	127.6	44,291	113.0
13	b. Notices to Deliver	Notice to Deliver	1,253	51,772	41.3	52,547	41.9
14	c. Recon. Orders, Cotton	Reconcentration Order	209	13,136	62.9	4,335	20.7
	2. Deliveries						
15	a. Bills of Lading or Del. Rect.	B/L or Del. Rect.	8,378	472,013	56.3	428,426	51.1
16	b. Whse. Acq. and Disp. Rpts.	Transaction or Rpt. Item	11,276	764,983	67.8	674,436	59.8
	3. Freight Payments						
17	a. Cotton	Freight Bill	3,367	74,118	22.0	24,459	7.3
18	b. Other Commodities	Freight Bill	3,785	285,002	75.3	272,513	72.0
19	4. Commodity Transit Adjustments	Difference Card	4,802	22,800	4.7	21,801	4.5
	C. Commodity Stocks on Hand						
20	1. Commercial Storage	Warehouse Receipt	487,260	3,526,344	7.2	1,114,152	2.3
21	2. CCC Storage	23-A	2,114	29,297	13.9	30,433	14.4
	II. MERCHANDISING ACTIVITIES						
	A. Purchase Activities						
22	1. Negotiation	Offer and/or Bid	1,227	50,036	40.8	19,310	15.7
23	2. Payment	Vendor Invoice	1,540	112,561	73.1	43,447	28.2
	B. Sales and Other Dispositions						
24	1. Negotiation	Offer and/or Bid	4,333	210,253	48.5	239,644	55.3
25	2. Billing	Invoice	731	68,298	93.4	78,026	106.7
	III. PRODUCER TRANSACTIONS						
	A. Loan Making						
26	1. Centralized Loans	Note	10,440	2,182,510	209.1	686,250	65.7
27	2. De-centralized Loans	Schedule	9,996	73,220	7.3	33,995	3.4
28	3. Servicing Agents' Fees	Invoice	2,427	11,124	4.6	11,124	4.6
	B. Loan Liquidation						
29	1. By Repayment	Cash Item per Note	8,352	250,835	30.0	215,666	25.8
	a. Centralized Loans						
30	b. De-centralized Loans	Schedule	5,194	95,811	18.4	143,001	27.5
31	2. By Acquisition of Collateral						
	a. Farm Stored	CL-7 or CL-8	4,594	211,962	46.1	199,258	43.4
32	b. Warehouse Stored						
	(1) Collateral Acquisitions	Note	5,168	226,093	43.7	790,344	82.9 *
33	(2) Pre-Recordation of Coll.	Card	42,308	183,700	4.3	172,692	4.1
34	(3) Equity Payments	Note *	12,110	84,785	7.0	79,704	6.6
35	C. Purchase Agreement Deliveries	CP-4	5,716	89,809	15.7	44,593	7.8
36	D. Settlement with Producers on Cotton Claims	Prod. Settlement Statement	10,126	48,020	4.7	15,850	1.6
37	E. Allocation of Charges and Credits to Cotton Loans	Prod. Loan Statement	16,364	866,060	52.9	285,800	17.5

12/10/53

United States Department of Agriculture
Commodity Stabilization Service
Program Field Operations

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Estimated Workload, Man-Year Requirements and Costs, Fiscal Years 1954 and 1955

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Production Rate per Man-year	Fiscal Year 1954		Fiscal Year 1955	
				No. of units to be processed	Man-years Required	No. of units to be processed	Man-years Required
	IV. OTHER PROGRAM ACTIVITIES						
30	A. Payments						
	1. International Wheat Agreement	Invoice					
30	2. Payments to Schools	FP-6					
40	3. Section 32 Diver. and Export	Invoice					
41	B. Claims, By and Against ISMA						
	1. Claims Determination	Claim Document	496	19,288	38.9	14,828	29.9
42	2. Claims Recordation and Review	Claim Document	783	19,288	24.6	14,828	18.9
43	3. Collection Activities	x x x x	-	-	8.1	-	6.2
44	C. Internal Post-Audit of Payments to Carriers	Paid Freight Bill	14,407	115,498	8.0	104,164	7.2
45	V. ACCOUNTING ACTIVITIES						
	A. Document Control	Block	6,473	592,128	91.5	538,730	83.2
46	B. Machine Operations	x x x x	-	-	142.1	-	129.0
47	C. Account Maintenance						
	1. Ledger Posting	x x x x	-	-	24.7	-	24.7
48	2. Maintenance of Commodity Cost Records	x x x x	-	-	5.1	-	5.1
49	3. Cash Receipts	Cash Item	21,741	215,052	9.9	191,303	8.8
50	4. Reconciliation	x x x x	-	-	39.8	-	39.8
51	VI. REPORTING						
	A. Regular Reports	Report	887	15,525	17.5	15,525	17.5
52	B. Special Reports	Report	157	1,272	8.1	1,272	8.1
53	VII. MISCELLANEOUS ACTIVITIES						
	Operational Assistance in the Field	x x x x			2.2		2.2
54	Cotton Pool Distribution	Note	13,607	49,854	3.6	577,800	41.8
	Emergency Grain Storage	x x x x			24.8		24.8
	Allocation Cotton Storage Charge	bale	166,000	1,800,000	10.8	3,500,000	21.1
	Transf. Cotton Loans fr. counties	note	14,355	602,000	41.9		
	Certificate of Interest Sett.	invoice	2,062	11,475	5.6	11,475	5.6
	Total Program, Direct Labor				2,132.0		1,770.0
	ADMINISTRATIVE ACTIVITIES						
	I Personnel Work				11.6		14.8
	II Budget, Org. & Procedure				31.8		31.8
	III Mail and Messenger				37.7		37.7
	IV Other Admin. Activities				72.4		72.4
	V Administrative Reporting				3.8		3.8
	Total Admin. - Direct Labor				157.5		157.5
	Total Direct Labor - Less Leave				2,289.5		1,927.5
	Leave - Direct Labor				332.0		279.5
	Total Direct Labor				2,621.5		2,207.0
	Indirect Labor				153.4		162.9
	TOTAL -- ALL LABOR				2,774.9		2,369.9
				Cost		Cost	
	Average salary			\$3,733		\$3,773	
	Total Labor			\$10,358,750	2,774.9	\$8,941,347	2,369.9
	Less: Man-Yr Equivalent in Overtime			-	-50.3	-	-16.5
	Less: Amount estimated to be absorbed through increased productivity			-	-	-48,000	-13.4
	Net Labor			10,358,750	2,724.6	8,893,347	2,340.0
	Objects 02 - 15			1,864,786	-	1,641,466	-
	TOTAL, COMMODITY OFFICE OPERATIONS			12,223,536	2,724.6	10,534,813	2,340.0
	State Office Operations			1,715,148	314.1	1,715,148	314.1
	General Services			708,109	86.6	719,832	86.6
	TOTAL, PROGRAM FIELD OPERATIONS			\$14,646,793	3,125.3	\$12,969,793	2,740.7

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item, as follows (new language underscored; deleted matter enclosed in brackets):

- Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: Provided, That not to exceed [\$17,000,000] \$18,000,000 shall be
- 1 available for administrative expenses of the Corporation: [Provided further, That \$600,000 of this authorization shall be placed in reserve to be apportioned pursuant to Section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out program operations:] Provided further, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for
 - 2 the purposes hereof[: Provided further, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of the capital impairment determined by the appraisal of June 30, 1952, pursuant to sections 1 and 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1, 4) \$96,205,161].

The first change in language proposes deletion of proviso included in the 1954 Appropriation Act establishing a contingency reserve of \$600,000. The expected volume of program operations will require the entire limitation proposed for 1955.

The second change in language deletes provision contained in the 1954 Appropriation Act providing for the restoration of the capital impairment of the Commodity Credit Corporation as determined by the appraisal of June 30, 1952 by the cancellation of notes for such purposes. A supplemental 1954 estimate will be submitted to the Congress early in the current session authorizing the Secretary of the Treasury to cancel notes of the Corporation in an amount equal to the capital impairment resulting from fiscal 1953 operations (not to exceed \$642 million).

1. The first part of the report is a general statement of the purpose and scope of the study.

The purpose of the study is to determine the effect of the new teaching method on the learning of the subject. The scope of the study is limited to the first year of the course. The study was conducted in the following manner: A group of students was selected at random from the first year of the course. They were then divided into two groups. One group was taught by the new method and the other group was taught by the old method. The results of the study were as follows: The students who were taught by the new method showed a significantly higher level of achievement than the students who were taught by the old method. This was true for all of the subjects included in the study. The results of the study are summarized in the following table:

Subject	Old Method	New Method
Mathematics	65%	75%
Science	60%	70%
History	55%	65%
English	50%	60%

It is concluded that the new teaching method is more effective than the old method. It is recommended that the new method be used in all of the subjects included in the study.

The second part of the report is a detailed description of the new teaching method. The new method is based on the following principles: (1) The student should be actively involved in the learning process. (2) The student should be encouraged to think for himself. (3) The student should be encouraged to work in groups. (4) The student should be encouraged to ask questions. (5) The student should be encouraged to express his own ideas. The new method is described in detail in the following pages.

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Purpose Statement

The Strategic and Critical Materials Stock Piling Act of July 23, 1946, in section 7 (b), authorizes and directs the Department of Agriculture to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Office of Defense Mobilization to be strategic and critical. This appropriation is for the purpose of enabling the Department to carry out its responsibilities under that Act.

This program is administered by the Agricultural Research Administrator. The Office of Defense Mobilization, however, recommends or approves investigations to be undertaken. Investigations are at present being conducted on rubber, tannin, vegetable fats and oils, and materials for cordage.

	Appropriated, 1954	Budget Estimate, 1955
Appropriated Funds	\$439,500	\$331,500

RESEARCH ON STRATEGIC AND CRITICAL
AGRICULTURAL MATERIALS

Appropriation Act, 1954, and base for 1955	\$439,500
Budget Estimate, 1955	331,500
Decrease (to eliminate research on domestic production of natural rubber)	<u>-108,000</u>

PROJECT STATEMENT

	1953	1954 (estimated)	Decrease	1955 (estimated)
1. Research on domestic pro- duction of natural rubber: \$ 200,032		\$108,000	-\$108,000(1)	- -
2. Investigations of domes- tic production of vegetable tannins	105,470	104,000	- -	104,000
3. Investigations on vege- table fats and oils	166,177	116,000	- -	116,000
4. Investigations on fiber plants	87,732	111,500	- -	111,500
Unobligated balance	40,589	- -	- -	- -
Costs under Penalty Mail Act (P.L. 286)	- -	[1,200]	[-200]	[1,000]
Total appropriation or estimate	600,000	439,500	-108,000	331,500

DECREASE

(1) A decrease of \$108,000 to eliminate research on domestic production of natural rubber conducted under this appropriation.

It is proposed to discontinue production research on natural rubber under this appropriation in fiscal year 1955. Since such research, primarily on the production of improved strains of guayule, was initiated in fiscal year 1948, new selections have been developed and tested that yield from 25 to 50 percent more rubber than the best strains available during World War II. During the past year, new germ plasm has been isolated that has the potential of contributing still higher yields and greater disease resistance if used in a future breeding program.

In order to preserve as much as possible of the production research results to date, the most desirable strains of guayule developed in the breeding program are being stabilized during fiscal year 1954 and placed in standby plantings in fiscal year 1955.

Fiscal Year 1954 Program--The field test plantings at Pearsall, Texas, to determine growth characteristics and yield under actual farm conditions are being liquidated and the guayule rubber assay laboratory and office has been closed. Small standby plots for preserving plant materials are being established at the Winter Haven Substation of the Texas Agricultural Experiment Station.

At Salinas, California, the most disease resistant and otherwise promising hybrid strains of guayule are being stabilized by crossing with other suitable strains to induce apomixis, a condition which assures continued purity of the seed while the plants are being held in standby status.

Fiscal Year 1955 Program--To the extent possible, the guayule breeding stocks developed with these funds, together with the present stockpile of guayule seed, will be preserved in a standby program under the appropriation "Salaries and expenses, Agricultural Research Service".

The most improved selections of guayule rubber breeding stocks will be maintained in standby plantings in California and Texas. It is anticipated that the Texas Agricultural Experiment Station will assume increased responsibility for the routine care of the local plantings in Texas.

Routine tests on the stockpiled seed for viability and moisture content will be made annually, and recommendations will be made to GSA-Emergency Procurement Services for any treatment necessary to improve the conditions under which the seed is stored.

Facilities at Salinas, California, including approximately 198 acres of land and the buildings and improvements thereon (laboratory facilities, equipment, and personal property) will be used as a sugar beet research station and for standby guayule plantings.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language for this item as follows (new language underscored, deleted matter enclosed in brackets):

- 1 For expenses necessary to enable the Secretary to carry out his responsibilities under section 7 (b) of the Strategic and Critical Materials Stock Piling Act of July 23, 1946 (50 U.S.C. 98f), \$439,500 ~~\$331,500~~; Provided, That this appropriation shall be subject to
- 2 applicable provisions contained in the item "Office of Administrator Salaries and expenses, Agricultural Research Administration Service."

The first change in language proposes the deletion of the reference to the Secretary of Agriculture and the carrying out of his responsibilities in order to simplify the appropriation language and make it consistent with other appropriation items of the Department. The proposed change will in no way affect the authorities or responsibilities for the work.

The second change in language revises the reference to the appropriation item "Office of Administrator, Agricultural Research Administration" to "Salaries and expenses, Agricultural Research Service" in order to conform to the revised appropriation structure proposed in the 1955 Budget Estimates.

STATUS OF PROGRAM

This appropriation enables the Department of Agriculture to carry out its responsibilities under the Strategic and Critical Materials Stock Piling Act of July 23, 1946. This Act authorizes and directs the Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Office of Defense Mobilization to be strategic and critical. Investigations are undertaken only upon recommendation of the Office of Defense Mobilization.

Current activities include research on domestic rubber production, tannin, strategic oils, and fiber plants, as follows:

1. Rubber production investigations have been carried on in California and Texas to breed, select, and test new strains of guayule which will produce higher yields of natural rubber; and to test means of quickly and inexpensively establishing field stands of guayule. It is planned to discontinue this program under these funds at the end of fiscal year 1954. The plant materials which have been developed would be held in standby plantings.
2. Tannin investigations are devoted to the possible production of tanning materials from crops that can be produced in the United States; especially from canaigre, a desert crop grown in the Southwestern United States. Experimental plantings have been established in Arizona, New Mexico, and Texas. Production problems encountered in growing this crop on a semi-commercial scale are being studied. A pilot plant has been designed and installed for preparation of the canaigre tanning extract on a scale large enough to permit commercial evaluation by its use in the production of experimental lots of heavy leather.
3. Current work on strategic oils is devoted to problems encountered in the expansion of castor bean production into new areas to meet the increased demands for castor oil and to the development of superior varieties adapted to growing and mechanical handling in new areas of production.
4. Studies in the field of strategic cordage are directed toward problems encountered in developing the domestic production of hard fibers and hard fiber substitutes (sansevieria, phormium, and hemp) that can be used for such purposes as lines and ropes on naval vessels, and of kenaf, a soft fiber with qualities similar to jute. Agronomic research is conducted on breeding, disease, and quality problems, and engineering research on the development of improved planting, harvesting and handling equipment.

Selected Examples of Recent Progress

1. Research on domestic rubber production. During the year, 5,082 controlled crosses and backcrosses were made and superior plants

were selected by the use of rapid greenhouse tests. Backcross progeny have retained the size and vigor of the Parthenium stramonium parent and some of the best now nearly equal the P. argentatum parent in per cent of rubber.

A drawback of guayule culture in Texas has been that the rate of rubber accumulation in the hot climate is slower than in the cool coastal valleys of California and the high plateau of north central Mexico. Recent selections, however, appear to have superior rubber accumulation characters in hot climates. Three-year old plants of a newly selected strain collected in Mexico have yielded 13 per cent rubber at Winter Haven, Texas, as compared with 8.7 per cent for three-year old plants of standard strain 593. Two-year old plants of another selection had 12 per cent rubber as compared with 5.9 per cent rubber in a comparative two-year old plant of 593. These new strains are being increased.

2. Potential practicality of guayule deresination demonstrated. Deresination of crude guayule rubber together with inclusion of selected antioxidants has resulted in stability improvement making the product equal to hevea (plantation) rubber as demonstrated by successful truck and airplane tire tests. Progress has been made toward the development of a practical deresination procedure.
3. Development of domestic tannin crops. A total of 62 acres of canaigre now under cultivation in Arizona and Texas includes 30 acres of two-year old plants harvested in 1953 and 32 acres of one-year old plants for harvest in 1954. Sixty-two tons of shredded dried root material from the 1951 and 1952 harvests have been made available for experimental processing in the new pilot plant, and in addition 45 tons from the 1953 harvest.

The results from several fertilizer tests indicate that canaigre is not particularly a poor land crop. Addition of nitrogen and phosphorus on canaigre grown on relatively infertile loamy sand gave significant increases in yield and seed production. On moderately fertile soils, canaigre makes satisfactory yields with no significant increases in yield or changes in tannin content where fertilizer is applied to such soils.

4. Canaigre extraction process undergoing pilot-plant evaluation. An integrated pilot plant has been constructed and is being operated to study the feasibility of extraction of tannin from canaigre root by means of a process developed in the laboratory.
5. Investigations on domestic production of castor beans. Hybrid castor beans have been developed which considerably outyield present commercial varieties. A male sterile line, known as N-145-4 was discovered at the Nebraska Agricultural Experiment Station in 1950. Various crosses were made in the field and greenhouse to provide single cross hybrid seed. In field tests in Oklahoma and in California in 1952, yields of the hybrids were 15 to 20% greater than of the standard commercial varieties. Information on methods of producing hybrid seed for farm planting and seed stocks have been released to seed growers.

Agronomic management practices were demonstrated at Stillwater, Oklahoma, using methods and equipment developed in the research program. Specially adapted planter boxes on a tractor-mounted, two-row planter were used to plant the experiment. Fertilizer equipment was used to apply 100 pounds per acre of 10-20-0 fertilizer at planting time. A rotary hoe was used for weed control so that a minimum of hand hoeing was necessary. A two-row tractor mounted stripper harvester was used to harvest the crop. The yield of over 725 pounds per acre was considered highly satisfactory for the type of land used and the experiment demonstrated that castor beans can be produced efficiently with very little hand labor using equipment even in its present state of adaptation and development.

6. Replacements for castor oil lubricants made from domestic agricultural materials. Present day military machinery requires special properties in lubricants and hydraulic fluids that are best provided by chemicals obtained from critical castor oil. Over 50 chemicals derived from the fatty acids of soybeans and other vegetable oil foots and from furfural corncobs, have been prepared and evaluated in cooperation with the Naval Research Laboratory. Several of these chemicals show promise for special application and could supply a part of our essential lubricant needs from available domestic source material in times of national emergency.
7. Investigations on fiber plants. Present commercial kenaf fiber types do not have resistance to nematodes. Hibiscus ornamentals resistant to nematodes have been successfully crossed with fiber types and the first generation hybrids have been found to carry nematode resistance.

The ribboning machine for kenaf has been improved by the addition of a cutter bar and gathering attachments for combining the harvesting and ribboning operations. An attachment for bundling and tying the ribboned kenaf has also been added. By using this machine, the greater portion of the plant stalk waste can be left in the field and labor handling requirements can be substantially reduced.

A planting machine for sansevieria has been adapted which will plant 1,000 to 1,500 leaf cuttings per hour, setting out three rows at a time on 14-inch spacing. It will plant about one acre per ten-hour day, which is a great improvement over the hand method.

INTERNATIONAL WHEAT AGREEMENT

Purpose Statement

The purpose of the International Wheat Agreement is to accomplish stability in the world wheat trade. The agreement operates to assure needed supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices, and thereby to eliminate critical shortages on the one hand and burdensome surpluses on the other.

The annual volume of world wheat trade presently covered by the wheat agreement is 421 million bushels of wheat or wheat products expressed in terms of bushels of wheat. Of this total quantity, the United States guarantees to supply 210 million bushels during the 1953-54 crop year to participating nations, at a price not in excess of \$2.05 per bushel, Fort William-Port Arthur basis. Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress), as amended by Public Law 180, 83rd Congress, authorizes the President, "acting through the Commodity Credit Corporation, to make available or cause to be made available, ***** such quantities of wheat and wheat flour and at such prices as are necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement*****". Section 2 of the Act also authorizes the appropriation of such sums as may be necessary to pay Commodity Credit Corporation for costs incurred in carrying out its functions under the statute, and authorizes the Corporation to utilize, in advance of such appropriations any funds available to it to facilitate the discharge of its responsibilities under the Act.

	Authorization, <u>1954</u>	Budget Estimate, <u>1955</u>
Authorization to the Secretary of the Treasury to cancel notes issued by Commodity Credit Corporation (to cover costs of International Wheat Agreement operations in fiscal year 1952).....	\$171,740,395	- -
Proposed supplemental authori- zation, fiscal year 1954, to cancel notes issued to cover costs of operations in fiscal year 1953 (Including interest through February 28, 1954).....	129,816,634	- -

THE JOURNAL OF THE
ROYAL ANTHROPOLOGICAL INSTITUTE

The Journal of the Royal Anthropological Institute is a quarterly publication of the Royal Anthropological Institute of Great Britain and Ireland. It is devoted to the publication of original research papers and reviews in the field of anthropology. The journal covers a wide range of topics, including physical anthropology, cultural anthropology, linguistics, and archaeology. It is one of the leading journals in the field of anthropology and is read by anthropologists and other scholars throughout the world.

The Journal of the Royal Anthropological Institute is published by the Royal Anthropological Institute of Great Britain and Ireland. The Institute was founded in 1871 and is the largest and oldest anthropological society in the world. It is a charitable organization and its primary purpose is to advance the study of anthropology. The Journal is one of the main ways in which the Institute disseminates its research and findings to the wider academic community.

INTERNATIONAL WHEAT AGREEMENT

Appropriation Act, 1954 (fiscal year 1952 program):

Authorization to cancel notes \$171,740,395

Proposed Supplemental 1954 (fiscal year 1953 program):

Authorization to cancel notes a/129,816,634

PROJECT STATEMENT

By Project or Function	: Authorization, 1954; Proposed Supplemental, 1954	
	:(F.Y. 1952 Costs) :	(F. Y. 1953 Costs)
Program costs	\$167,171,481 :	\$126,162,981
Interest costs	4,568,914 :	3,653,653
Total	171,740,395 :	129,816,634

EXPLANATION OF COST OF 1953 PROGRAM

During the fiscal year 1953, 223,703,898 bushels of wheat and wheat flour (bushel equivalents) were exported from the United States pursuant to the International Wheat Agreement. The net cost to the United States of such exports was \$129,816,634, or an average of 58¢ per bushel, which cost represents the difference between the domestic market price and the maximum International Wheat Agreement price, and administrative and interest expense. Exports from commercial stocks for which differential payments were made amounted to 215,651,965 bushels, while exports from CCC-Owned stocks (acquired under the price support program) were 8,051,933 bushels.

a/ Authority for the Secretary of the Treasury to cancel Commodity Credit Corporation notes in the amount of \$129,816,634 to cover costs of the 1953 program, including interest through February 28, 1954 to be requested as a supplemental authorization in 1954.

The attached table reflects, by importing country, the quantity of wheat and wheat flour exported from the United States during fiscal year 1953 and the amount due Commodity Credit Corporation on such exports.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Wheat and Wheat Flour (bushel equivalent) Exported from the United States
Pursuant to the Terms of the International Wheat Agreement

Fiscal Year 1953

Importing Country	Source and Quantity of Exports			Amount Due CCC	Average Cost to CCC- per bushel
	CCC Price Support Prog.	Commercial	Total		
		(BUSHELS)			
Austria		7,635,348	7,635,348	\$ 4,348,130	.57
Belgium		5,185,661	5,185,661	2,846,809	.55
Bolivia		369,412	369,412	215,693	.58
Brazil		9,329,733	9,329,733	5,229,395	.56
Ceylon		491,022	491,022	249,028	.51
Costa Rica		717,895	717,895	427,886	.60
Cuba		5,015,993	5,015,993	3,072,038	.61
Denmark		811,383	811,383	462,632	.57
Dominican Republic		614,826	614,826	386,583	.63
Ecuador		934,232	934,232	584,929	.63
El Salvador		8,014,274	8,014,274	4,475,717	.56
Germany		350,315	350,315	219,007	.62
Greece	5,417,049	41,736,494	41,736,494	22,500,822	.54
Guatemala		146,448	5,563,497	3,367,603	.60
Haiti		647,919	647,919	395,163	.61
Honduras		884,908	884,908	570,697	.64
India		294,825	294,825	163,720	.55
Indonesia		20,737,292	20,737,292	11,746,192	.57
Iceland		860,602	860,602	561,162	.65
Ireland		292,093	292,093	186,786	.64
Israel		1,166,107	1,166,107	668,409	.57
Italy		3,739,519	3,739,519	2,373,554	.63
Japan		16,670,746	16,670,746	9,424,697	.56
Lebanon		12,040,480	12,040,480	6,806,567	.56
Liberia		1,719,999	1,719,999	1,097,594	.64
Mexico		13,225	13,225	8,906	.67
Netherlands		11,061,820	11,061,820	5,926,379	.54
Nicaragua		13,543,152	13,543,152	7,409,806	.55
Paraguay		177,867	177,867	107,469	.60
Peru		3,751,094	3,751,094	2,024,575	.54
Panama		235,629	235,629	144,427	.61
Philippines		3,280,230	3,280,230	1,762,429	.54
Portugal		3,439,875	3,439,875	2,180,979	.63
Saudi Arabia		4,834,757	4,834,757	2,904,359	.60
Spain		1,805,534	1,805,534	1,181,762	.65
Sweden		3,589,811	3,589,811	1,812,233	.50
Switzerland		1,658,892	1,658,892	792,137	.48
Trizone		1,760,553	1,760,553	746,042	.42
Union of South Africa	2,634,884	-	2,634,884	657 1/	.63
United Kingdom		23,389,666	23,389,666	13,473,369	.58
Venezuela		2,881,264	2,881,264	1,767,474	.61
Unidentified Collections 2/		-178,930	-178,930	-408,215	-
Total	8,051,933	215,651,965	223,703,898	126,162,981 3/	.56
Interest Cost	-	-	-	3,653,653 4/	
GRAND TOTAL	8,051,933	215,651,965	223,703,898	129,816,634	.58

- 1/ Prior Year Adjustment.
2/ Represents collections received through voluntary restitution by exporter.
3/ Includes \$297,714 Administrative Expenses.
4/ Includes interest through first 8 months of fiscal year 1954

Recapitulation of Expenses Incurred by Commodity
Credit Corporation for Operations under International Wheat
Agreement through June 30, 1953, and Method of Reimbursement

Fiscal No. of Year	Bushels (thous.)	Expense		Method of Reimbursement
		per bu.	Total	
1950	135,187	\$0.57	\$76,808,000	Appropriation - 1952 Agricultural Appropria- tion Act
1951	265,779	0.69	182,162,250	Cancellation of Notes - 1953 Agricultural Appropriation Act
1952	254,788	0.67	171,740,395	Cancellation of Notes - 1954 Agricultural Appropriation Act
1953	223,704	0.58	<u>1/</u> 129,816,634	Cancellation of Notes - Proposed as supplemental in fiscal year 1954

1/ Includes interest through February 28, 1953.

1954 and 1955 FISCAL YEAR PROGRAMS

It is estimated that 165,000,000 bushels will be exported during fiscal year 1954 at a cost of \$83,300,000 and that 190,000,000 bushels will be exported during fiscal year 1955 at a cost of \$88,999,900. These cost figures include administrative expenses and interest to date of recovery by Commodity Credit Corporation. The estimates are based upon the assumption that sales will be made at or near the maximum agreement price.

Funds required to reimburse Commodity Credit Corporation for costs incurred in fiscal years 1954 and 1955 will be requested in the Budget Estimates for fiscal years 1956 and 1957, respectively.

CHANGE IN LANGUAGE

The estimates for this item include proposed changes in language as follows (deleted matter enclosed in brackets):

[The Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by cancelling notes issued by the Corporation of the Secretary of the Treasury in the amount of \$171,740,395 for the net costs during the fiscal year 1952 (including interest thereon through June 30, 1953) under the International Wheat Agreement Act of 1949(7 U.S.C. 1641-1642).]

The proposed change deletes this language in its entirety since provision for reimbursing the Corporation for costs of this program during the fiscal year 1953 will be included in a proposed supplemental authorization for the fiscal year 1954.

Salaries and Expenses, Defense Production Activities

PROJECT STATEMENT

Project	1953	1954 (estimated)	1955 (estimated)
Salaries and expenses, defense production activities.....	\$1,860,340	- -	- -
Unobligated balance.....	139,660	- -	- -
Appropriation or estimate	2,000,000	- -	- -

This item covers funds appropriated to the Department of Agriculture in the Supplemental Appropriation Act, 1953, for carrying out delegated specific defense production activities under the Defense Production Act of 1950, as amended.

The Secretary of Agriculture has been vested with broad authority under the Defense Production Act with respect to food, farm equipment, and commercial fertilizers, as follows:

Priorities and Allocations. The Secretary is authorized to exercise priority and allocation powers with respect to food. This includes authority to determine food requirements and to allocate food supplies where necessary to insure the proper distribution of such supplies. The Secretary is also authorized to exercise the priority and allocation powers with respect to the domestic distribution of farm equipment and commercial fertilizers. Effective with the 1953 amendments to the Defense Production Act these authorities, as they apply to the general distribution of materials in the civilian market, cannot be exercised without a finding of essentiality which is approved by the Director of the Office of Defense Mobilization.

Supply and Requirements. The Secretary is authorized to present to the Director of Defense Mobilization requirements data covering non-food materials and facilities necessary to provide an adequate supply of food.

Expansion of Production Capacity and Supply. The Secretary is also authorized to make recommendations to the Director of the Office of Defense Mobilization for the issuance of certificates of essentiality for loans under Sec. 302 of the Defense Production Act and for tax amortization of facilities under Sec. 124a of the Internal Revenue Code relating to food and plant fibers and the domestic distribution of farm equipment and commercial fertilizer. As a "Guaranteeing Agency" the Department of Agriculture is authorized to develop and promote measures for the expansion of production capacity and to guarantee financial institutions against loss in financing contractors in connection with defense contracts.

During fiscal year 1954, necessary expenses for carrying out defense production activities are being financed from other funds available to the Department for administrative expenses, in accordance with Section 1310 of the Supplemental Appropriation Act, 1954, approved August 7, 1953. Similar authority is proposed in the 1955 Budget in the General Provisions applicable to all Departments, Agencies, and Corporations (page 222).

CONSOLIDATED WORKING FUND, DEPARTMENT OF AGRICULTURE

This Budget schedule (page 1082) reflects certain working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Allotments and Other Funds" provided in each agency's section of the Explanatory Notes.

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account (page 1041) are as follows:

1953.....	\$1,118,400
1954 (estimated).....	874,624
1955 (estimated).....	850,950

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919 (5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1954 and 1955 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

Following are examples of the types of agreements entered into by the Department and financed by contributed funds:

San Antonio River Canal and Conservancy District	For cooperative survey of the San Antonio River watershed
National Aluminate Corporation	For cooperative research and tests of chemical materials used to control weeds
Central and Southern Florida Flood Control District	For cooperative work on soil surveys and water control in the Everglades area.

TECHNICAL ASSISTANCE, UNITED STATES DOLLARS ADVANCED FROM
FOREIGN GOVERNMENTS, AGRICULTURE

This Budget schedule (page 1043) reflects an appropriation of \$3,000 in 1953 of which \$1,385 is estimated to be obligated in 1954.

This item covers funds received by the Department of Agriculture from the Food and Agricultural Organization to cover cost of making analyses of soil and water samples from other countries in connection with technical assistance work being performed.

GENERAL PROVISIONS

Section 401: Relates to the purchase of passenger motor vehicles for the Department. Purchases of such vehicles by the Department of Agriculture would be limited, in addition to those specifically authorized in the language of the individual appropriation items, to not to exceed 621 passenger motor vehicles for replacement purposes only, for use outside the District of Columbia.

The estimates propose an increase in the replacement of vehicles for use outside the District of Columbia from 400 to 621. The vehicles proposed for replacement will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number in the fiscal year 1955 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for replacement appears in the explanatory notes under the applicable agencies.

In addition, whenever circumstances make it possible, it is proposed to acquire vehicles declared excess by other governmental agencies to replace less efficient or older vehicles of the Department upon approval by the General Services Administration as being in the best interests of the Government. Regulations of that Administration permit the transfer of excess vehicles between agencies in order to obtain better utilization of equipment by the Government as a whole. Such transfers are approved only on a replacement basis. Therefore, the oldest or least efficient vehicles are disposed of and the total number of cars is not increased. Such transfers of excess vehicles would not involve an exchange of funds.

Section 402: Provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

Section 403: Authorizes the expenditure of not to exceed \$1 for each option to purchase any tract or tracts of land under appropriations carried in the Act which are available for the purchase of lands.

Section 404: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects and pests.

Section 405: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 406: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Act of August 14, 1946 (Research and Marketing Act) shall be available for contracts in accordance with said Act. In prior years, the minimum amounts to be used for contracts under Section 10(a) and Title II of the Research and Marketing Act were provided in the appropriation item "Agricultural Marketing Act" and in the General Provisions of the Agricultural Appropriation Act. In view of the recommended deletion of the item "Agricultural Marketing Act" as discussed previously, it is proposed in 1955 to combine these two limitations in Section 406. On this basis not less than \$1,500,000 of the amounts appropriated for the various agencies of the Department shall be available only for contracts for research and service work in accordance with the Research and Marketing Act.

Section 407: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocate, or who are members of an organization that advocates the overthrow of the Government.

Section 408: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

Section 409: Provides that Department appropriations for research and service work authorized by the Research and Marketing Act of 1946 shall be available for expenses of advisory committees established in accordance with that Act. In prior years authority for the payment of expenses of advisory committees was contained in appropriation items "Agricultural Marketing Act" and "Salaries and Expenses, Office of the Administrator, Agricultural Research Administration." The 1955 estimates propose the elimination of these two items by transfer and consolidation with other appropriations as discussed in detail previously in these justifications. The proposed language for 1955 would permit the use of any funds available for carrying out the research and service work of the Department for expenses of advisory committees established in accordance with Title III of the Research and Marketing Act.



